Financial Statements of
CITY OF LAURINBURG
Laurinburg, North Carolina
June 30, 2025

City of Laurinburg, North Carolina
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For the Year Ended
June 30, 2025

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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, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City of Laurinburg's basic financial statements as listed in the table of contents.

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, 2025, 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.

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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:

- exercise professional judgement and maintain 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 52 through 53, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 54 and 55 be, and the Changes in Total OPEB Liability and Related Ratios page 56, 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 (SEFSA) 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 subjected 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, other schedules, and the accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025, 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 the effectiveness of the City of Laurinburg's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Laurinburg's internal control over financial reporting and compliance.

Roche, Head + Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC
Laurinburg, North Carolina
December 30, 2025

Management's Discussion and Analysis
For the Year Ended June 30, 2025

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, 2025. 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 $70,282,971 (net position).

The government's total net position increased by $1,707,872 during the current year, primarily due to increases in the governmental-type activities and net income from business-type activities.

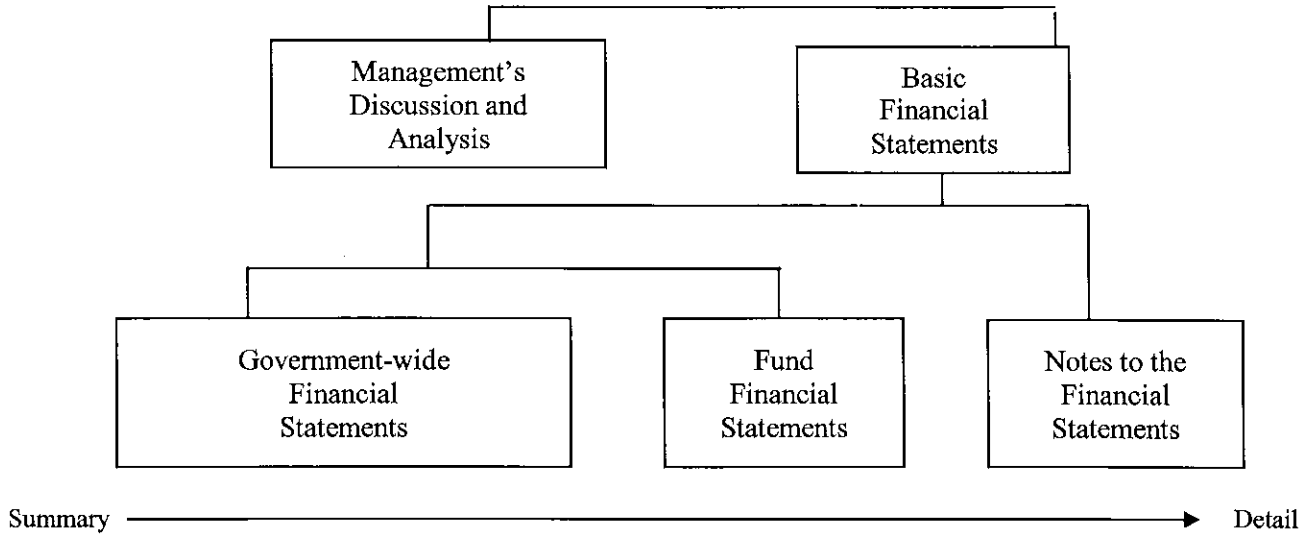
As of the close of the current fiscal year, the City of Laurinburg's governmental funds reported combined ending fund balances of $7,300,869. Approximately 52.40% percent of this total amount, or $3,826,336, is available for spending at the government's discretion, known as unassigned fund balance. Available fund balance in the general fund totals $4,403,255 which is 44.65% of total general fund expenditures for the fiscal year.

The City of Laurinburg maintained its Baa1 bond rating.

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 25-51 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Laurinburg's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 52 of this report.

Interdependence with Other Entities

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

City of Laurinburg's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 8,123,344	$ 9,615,260	$ 19,116,046	$ 10,245,216	$ 27,239,390	$ 19,860,476
Leases receivable non-current	353,542	186,540	-	-	353,542	186,540
Capital assets	17,261,823	17,227,359	71,025,268	63,199,760	88,287,091	80,427,119
Deferred outflows of resources	2,297,148	2,798,186	1,426,685	1,758,429	3,723,833	4,556,615
Total assets and deferred outflows of resources	28,035,857	29,827,345	91,567,999	75,203,405	119,603,856	105,030,750
Long-term liabilities	9,971,478	10,415,373	30,398,337	18,149,219	40,369,815	28,564,592
Other liabilities	1,441,447	1,821,451	6,118,435	3,982,548	7,559,882	5,803,999
Deferred inflows of resources	1,113,557	823,920	277,631	282,507	1,391,188	1,106,427
Total liabilities and deferred inflows of resources	12,526,482	13,060,744	36,794,403	22,414,274	49,320,885	35,475,018
Net position:						
Net investment, capital assets	13,518,476	12,920,314	42,573,728	48,204,004	56,092,204	61,124,318
Restricted	1,713,285	1,872,488	-	-	1,713,285	1,872,488
Unrestricted	277,614	1,973,799	12,199,868	4,585,127	12,477,482	6,558,926
Total net position	$ 15,509,375	$ 16,766,601	$ 54,773,596	$ 52,789,131	$ 70,282,971	$ 69,555,732

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 $70,282,971 as of June 30, 2025. The City's net position increased by $1,707,872 for the fiscal year ended June 30, 2025. However, the largest portion 79.81% 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 2.44% represents resources that are subject to external restrictions on how they may be used. The remaining balance of $12,477,482, 17.75% is unrestricted.

Governmental activities

City of Laurinburg's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	$ 368,169	$ 496,227	$ 28,678,799	$ 25,890,561	$ 29,046,968	$ 26,386,788
Operating grants & contributions	724,738	2,531,716	-	-	724,738	2,531,716
Capital grants & contributions	328,657	1,589,032	2,258,275	812,568	2,586,932	2,401,600
General revenues:						
Property taxes	3,576,855	3,590,262	-	-	3,576,855	3,590,262
Other taxes and licenses	3,166,157	3,401,068	-	-	3,166,157	3,401,068
Other	609,541	383,817	126,761	510,821	736,302	894,638
Total revenues	8,774,117	11,992,122	31,063,835	27,213,950	39,837,952	39,206,072
Expenses						
General government	1,132,969	846,420	-	-	1,132,969	846,420
Public safety	5,732,297	5,610,285	-	-	5,732,297	5,610,285
Public works	477,331	579,997	-	-	477,331	579,997
Transportation	831,793	798,072	-	-	831,793	798,072
Animal control	93,155	92,685	-	-	93,155	92,685
Cemetery	333,141	253,175	-	-	333,141	253,175
Community development	1,407,931	1,091,614	-	-	1,407,931	1,091,614
Electric	-	-	16,458,941	14,986,199	16,458,941	14,986,199
Water and sewer	-	-	8,507,220	7,575,421	8,507,220	7,575,421
Solid waste	-	-	2,866,978	2,958,129	2,866,978	2,958,129
Interest on long-term debt	110,667	109,542	177,657	89,170	288,324	198,712
Total expenses	10,119,284	9,381,790	28,010,796	25,608,919	38,130,080	34,990,709
Increase (decrease) in net position before transfers	(1,345,167)	2,610,332	3,053,039	1,605,031	1,707,872	4,215,363
Transfers	587,313	160,884	(587,313)	(160,884)	-	-
Increase (decrease) in net position	(757,854)	2,771,216	2,465,726	1,444,147	1,707,872	4,215,363
Net Position						
Beginning as previously reported	16,766,601	13,995,385	52,789,131	51,344,984	69,555,732	65,340,369
Restatement-change in accounting principle	(499,372)	-	(481,260)	-	(980,632)	-
Net position, beginning as restated	16,267,229	-	52,307,871	-	68,575,100	-
Net position, end of year	$ 15,509,375	$ 16,766,601	$ 54,773,597	$ 52,789,131	$ 70,282,971	$ 69,555,732

The City of Laurinburg's overall net position increased $1,707,872 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 decreased the City's governmental net position by $757,854. The decrease in net position was the result of larger than expected expenditures in functional areas and a decrease in operating grants and sales taxes. 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 $2,465,726. The key elements of this increase are as follows:

Fee increases in the enterprise funds as well as controlled expenditures.

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 $3,151,739 while total fund balance reached $5,801,156. 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 44.65 % of general fund expenditures, while total fund balance represents 58.82% of the same amount.

At June 30, 2025, the governmental funds of the City of Laurinburg reported a combined fund balance of $7,300,869 with a net decrease in fund balance of $1,005,611. Included in this change in fund balance are decreases in fund balance in the General Fund of $359,265, a decrease in the non-major governmental funds of 633,439, and a decrease of $12,909 in the North Fire Station Capital Project Fund.

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

There were several reasons the City revised its budget throughout the year. The City anticipated receiving some state grant funds and anticipated expenditures of these funds. Also, the City monitors the budget and makes periodic changes to the budget throughout the year as needed.

Proprietary Funds
The City'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 $1,987,231 and those for the Water and Sewer Fund amounted to $10,080,130 and those for the Solid Waste Fund amounted to $132,507. 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, 2025, 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	
	2025	2024	2025	2024	2025	2024
Land	$ 340,185	$ 340,185	$ 649,494	$ 561,661	$ 989,679	$ 901,846
Construction in progress	142,809	2,888,937	22,086,665	14,394,652	22,229,474	17,283,589
Buildings and systems	11,510,479	8,450,751	42,404,235	42,662,554	53,914,714	51,113,305
Improvements	1,882,869	1,829,336	-	-	1,882,869	1,829,336
Machinery & equipment	275,057	160,417	1,995,407	1,919,090	2,270,464	2,079,507
Infrastructure	317,204	317,204	-	-	317,204	317,204
Vehicle & motorized equipment	2,426,073	2,678,077	3,889,467	3,661,803	6,315,540	6,339,880
Right to use assets:						
Leases	315,986	489,558	-	-	315,986	489,558
IT Subscriptions	51,161	72,893	-	-	51,161	72,893
Total	$ 17,261,823	$ 17,227,359	$ 71,025,268	$ 63,199,760	$ 88,287,091	$ 80,427,118

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

Governmental Activities

* Four vehicles at a cost of $164,286, finalizing the North Fire station and fire training project as well as improvements to streets and various small equipment purchases at a total cost of $1,295,680.

Business-type Activities

* Six vehicles to service the Electric Fund at a cost of $671,396, finalizing infrastructure capital project of $446,645 and land purchase of $87,833 and small equipment purchases of $100,264.

The Water Fund expended $8,854,429 on water projects, as well as $812,967 on water plant upgrades and equipment of $254,045.

*The Solid Waste Fund purchased two vehicles at a cost of $276,629 as well as upgrades to the funds equipment.

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	
	2025	2024	2025	2024	2025	2024
Financing agreement	$ 3,421,595	$ 3,797,564	$ 2,733,040	$ 3,118,207	$ 6,154,635	$ 6,915,771
Lease liability	272,983	440,220	-	-	272,983	440,220
Revolving loans	-	-	25,718,500	11,877,549	25,718,500	11,877,549
IT subscription liability	48,771	69,261	-	-	48,771	69,261
Total OPEB liability	1,355,389	1,350,270	941,881	977,781	2,297,270	2,328,051
Pension liability (LGERS)	3,271,308	3,432,897	2,273,281	2,485,891	5,544,589	5,918,788
Pension related debt (LEOSSA)	1,579,262	1,776,208	-	-	1,579,262	1,776,208
Compensated absences	965,687	913,968	701,375	745,046	1,667,062	1,659,014
Total	$ 10,914,995	$ 11,780,388	$ 32,368,077	$ 19,204,474	$ 43,283,072	$ 30,984,862

The City of Laurinburg's total debt increased by $12,298,210 during the past fiscal year. Primarily due to increases in revolving loans.

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.

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 $70,855,953. Additional information pertaining to the City of Laurinburg's long-term debt can be found beginning on Page 49 of this report.

Economic Factors and Next Year's Budgets and Rates

The City of Laurinburg continues to show a strong commitment to economic development by continuing to fund in FY 26 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 30+ new retail developments, totaling $75 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.

Budget Highlights for the Fiscal Year Ending June 30, 2025

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 25. To continue to be good stewards of funds, the City was able to reduce expenditures 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 24-25, water and electric rates were increased again to help pay for infrastructure improvements and local operations of the funds.

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, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 5,806,503	$ 2,447,442	$ 8,253,945
Receivables (net)	283,333	2,767,696	3,051,029
Other receivables	62,470	-	62,470
Unbilled receivables	-	1,387,333	1,387,333
Leases receivable	29,687	-	29,687
Due from other governments	1,301,393	9,980,963	11,282,356
Inventories	60,505	1,461,778	1,522,283
Prepaid items	14,851	88,345	103,196
Restricted cash	564,602	982,489	1,547,091
Total current assets	8,123,344	19,116,046	27,239,390
Non-current assets:			
Leases receivable, non-current	353,542	-	353,542
Capital assets:			
Land, non-depreciable improvements, and construction in progress	482,994	22,736,159	23,219,153
Other capital assets, net of depreciation	16,411,682	48,289,109	64,700,791
Right to use assets, net of amortization	367,147	-	367,147
Total capital assets	17,261,823	71,025,268	88,287,091
Total noncurrent assets	17,615,365	71,025,268	88,640,633
Total assets	25,738,709	90,141,314	115,880,023
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals - LGERS	1,779,375	1,236,513	3,015,888
Pension deferrals - LEOSSA	244,111	-	244,111
OPEB deferrals	273,662	190,172	463,834
Total deferred outflows of resources	2,297,148	1,426,685	3,723,833
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	312,462	3,094,378	3,406,840
Accrued interest payable	28,278	71,828	100,106
Unearned grant proceeds	157,190	-	157,190
Current portion of long-term liabilities	943,517	1,969,740	2,913,257
Customer deposits	-	982,489	982,489
Total current liabilities	1,441,447	6,118,435	7,559,882
Long-term liabilities:			
Due in more than one year	9,971,478	30,398,337	40,369,815
Total long-term liabilities	9,971,478	30,398,337	40,369,815
Total liabilities	11,412,925	36,516,772	47,929,697
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	5,024	-	5,024
Leases	361,710	-	361,710
Pension deferrals	489,586	98,874	588,460
OPEB deferrals	257,237	178,757	435,994
Total deferred inflows of resources	1,113,557	277,631	1,391,188
NET POSITION			
Net investment in capital assets	13,518,476	42,573,728	56,092,204
Restricted for:			
Environmental	8,435	-	8,435
Downtown revitalization	40,192	-	40,192
Streets - Powell Bill	363,431	-	363,431
Fire Training Facility	204	-	204
Stabilization by state statute	1,301,023	-	1,301,023
Unrestricted	277,614	12,199,868	12,477,482
Total net position	$ 15,509,375	$ 54,773,596	$ 70,282,971

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, 2025

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	$ 1,132,969	$ 63,097	$ -	$ -	$ (1,069,872)	$ -	$ (1,069,872)
Public safety	5,732,297	136,698	151,085	328,657	(5,115,857)	-	(5,115,857)
Public works	477,331	47,611	-	-	(429,720)	-	(429,720)
Transportation	831,793	-	573,653	-	(258,140)	-	(258,140)
Animal control	93,155	-	-	-	(93,155)	-	(93,155)
Cemetery	333,141	120,763	-	-	(212,378)	-	(212,378)
Community development	1,407,931	-	-	-	(1,407,931)	-	(1,407,931)
Interest on long-term debt	110,667	-	-	-	(110,667)	-	(110,667)
Total governmental activities	10,119,284	368,169	724,738	328,657	(8,697,720)	-	(8,697,720)
Business-type activities:							
Electric	16,480,784	17,072,260	-	-	-	591,476	591,476
Water and sewer	8,633,227	8,540,411	-	2,258,275	-	2,165,459	2,165,459
Solid waste	2,896,785	3,066,128	-	-	-	169,343	169,343
Total business-type activities	28,010,796	28,678,799	-	2,258,275	-	2,926,278	2,926,278
Total primary government	$ 38,130,080	$ 29,046,968	$ 724,738	$ 2,586,932	$ (8,697,720)	$ 2,926,278	$ (5,771,442)
General revenues							
Taxes:							
Property taxes, levied for general purposes					3,576,855	-	3,576,855
Other taxes					3,166,157	-	3,166,157
Unrestricted investment earnings					322,423	96,938	419,361
Contributions from County					43,758	-	43,758
Miscellaneous					243,360	29,823	273,183
Total general revenues not including transfers					7,352,553	126,761	7,479,314
Transfers					587,313	(587,313)	-
Total general revenues and transfers					7,939,866	(460,552)	7,479,314
Change in net position					(757,854)	2,465,726	1,707,872
Net position beginning, as previously reported					16,766,601	52,789,131	69,555,732
Restatement -change in accounting principle					(499,372)	(481,260)	(980,632)
Net position, beginning as restated					16,267,229	52,307,871	68,575,100
Net position, ending					$ 15,509,375	$ 54,773,596	$ 70,282,971

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

City of Laurinburg, North Carolina
Balance Sheet
Governmental Funds
June 30, 2025

	Major Fund	Total	Total
	General	Non-Major Funds	Governmental Funds
ASSETS			
Current assets:			
Cash and cash equivalents	$ 4,355,588	$ 1,450,915	$ 5,806,503
Restricted cash	363,432	201,170	564,602
Taxes receivable (net)	283,333	-	283,333
Accounts receivable	52,911	-	52,911
Leases receivable	383,229	-	383,229
Prepaid expenses	14,851	-	14,851
Due from other governments	1,296,542	4,851	1,301,393
Inventories	60,505	-	60,505
Total assets	6,810,391	1,656,936	8,467,327
LIABILITIES			
Accounts payable and accrued liabilities	310,738	34	310,772
Unearned grant proceeds	-	157,190	157,190
Total liabilities	310,738	157,224	467,962
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	283,333	-	283,333
Deferred revenues	48,430	-	48,430
Prepaid taxes	5,024	-	5,024
Leases receivable	361,710	-	361,710
Total deferred inflows of resources	698,497	-	698,497
FUND BALANCES			
Non spendable:			
Inventories	60,505	-	60,505
Leases	21,519	-	21,519
Prepaid expenses	14,851	-	14,851
Restricted:			
Stabilization by state statute	1,301,023	-	1,301,023
Environmental	-	8,435	8,435
Fire training facility	-	204	204
Streets - Powell Bill	363,431	-	363,431
Downtown revitalization	-	40,192	40,192
Assigned:			
Future bond debt	489,197	-	489,197
Downtown revitalization	-	92,742	92,742
General Fund	-	341,772	341,772
Electric Fund	-	341,771	341,771
Subsequent years' expenditures	398,891	-	398,891
Unassigned	3,151,739	674,597	3,826,336
Total fund balances	5,801,156	1,499,713	7,300,869
Total liabilities, deferred inflows of resources and fund balances	$ 6,810,391	$ 1,656,936	$ 8,467,327

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, 2025

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:		
Total Fund Balance, Governmental Funds		$ 7,300,869
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.		
Gross capital assets at historical cost	28,045,395	
Accumulated depreciation	(11,150,716)	16,894,679
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	(293,478)	315,986
Right to use assets at historical cost-subscriptions	92,279	
Accumulated amortization	(41,118)	51,161
Deferred outflows of resources:		
OPEB	273,662	
LGERS	1,779,375	
LEOSSA	244,111	2,297,148
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		9,584
Some receivables are not available to pay for current period expenditures, and, therefore, are reported as unavailable revenue in the funds.		
Ad valorem taxes		283,333
Other sales services		46,711
Deferred inflows of resources:		
OPEB	(257,237)	
LGERS	(142,281)	
LEOSSA	(347,305)	(746,823)
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	(3,421,595)	
Lease liabilities	(272,983)	
Subscription liabilities	(48,771)	
Accrued interest payable	(28,277)	
Other retirement liabilities for LEOSSA	(1,579,262)	
Other post employment benefits	(1,355,389)	
Net pension liability - LGERS	(3,271,308)	
Compensated absences-accrued vacation	(434,064)	
Compensated absences- accrued sick leave	(531,624)	(10,943,273)
Net position of governmental activities		$ 15,509,375

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, 2025

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General Fund	North Fire Station		
REVENUES				
Ad valorem taxes	$ 3,577,937	$ -	$ 20,685	$ 3,598,622
Other taxes and licenses	1,585,527	-	-	1,585,527
Unrestricted intergovernmental	1,624,388	-	-	1,624,388
Restricted intergovernmental	595,015	-	-	595,015
Other grants	-	164,486	293,894	458,380
Permits and fees	141,914	-	-	141,914
Sales and services	301,339	-	19,219	320,558
Interest income	298,896	-	23,591	322,487
Miscellaneous	167,625	-	-	167,625
Total revenues	8,292,641	164,486	357,389	8,814,516
EXPENDITURES				
Current:				
General government	796,622	-	-	796,622
Community development	1,128,305	-	353,229	1,481,534
Public safety	5,661,330	284,395	-	5,945,725
Transportation	847,956	-	-	847,956
Public works	266,235	-	-	266,235
Animal control	90,271	-	-	90,271
Cemetery	302,361	-	-	302,361
Debt service:				
Principal payments	654,781	-	-	654,781
Interest and other charges	113,042	-	-	113,042
Total expenditures	9,860,903	284,395	353,229	10,498,527
Excess of revenues over (under) expenditures	(1,568,262)	(119,909)	4,160	(1,684,011)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,548,097	107,000	372,335	2,027,432
Transfers to other funds	(430,185)	-	(1,009,934)	(1,440,119)
Financing notes issued	91,085	-	-	91,085
Total other financing sources (uses)	1,208,997	107,000	(637,599)	678,398
Net change in fund balance	(359,265)	(12,909)	(633,439)	(1,005,613)
Fund balances-beginning	6,160,421	12,909	2,133,151	8,306,481
Fund balances-ending	$ 5,801,156	$ -	$ 1,499,713	$ 7,300,869

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, 2025

Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds		$ (1,005,613)
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	1,460,169	
Depreciation expense for governmental assets	(1,132,077)	
Difference in gain or loss on sale of assets	(98,323)	229,769
Amortization expense - leased assets	(173,572)	
Amortization expense - subscription assets	(21,732)	
Gain or loss on right to use asset modifications	-	(195,304)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		739,226
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		60,402
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		89,533
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	(21,767)	
Change in interest earned on ad valorem taxes	(64)	
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	(18,568)	(40,399)
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	(91,085)	
Principal payments on long-term debt	654,781	
(Increase) decrease in accrued interest payable	2,374	566,070
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-accrued vacation	(19,469)	
Compensated absences-accrued sick leave	(32,252)	
Pension expense (LGERS)	(917,863)	
Pension expense (LEOSSA)	(92,869)	
OPEB plan expense	(139,085)	(1,201,538)
Total changes in net position of governmental activities		$ (757,854)

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, 2025

	General Fund			
	Budget		Actual	Variance Over
	Original	Final	Amounts	(Under)
REVENUES				
Ad valorem taxes	$ 3,900,000	$ 3,900,000	$ 3,577,937	$ (322,063)
Other taxes and license	1,672,500	1,672,500	1,585,527	(86,973)
Unrestricted intergovernmental	1,765,747	1,765,747	1,624,388	(141,359)
Restricted intergovernmental	550,000	550,000	595,015	45,015
Permits and fees	140,000	140,000	141,914	1,914
Sales and services	345,675	345,675	301,339	(44,336)
Interest income	5,000	5,000	298,896	293,896
Miscellaneous	294,987	294,987	167,625	(127,362)
Total revenues	8,673,909	8,673,909	8,292,641	(381,268)
EXPENDITURES				
Current:				
General government	904,986	997,256	796,622	200,634
Community development	871,093	1,277,536	1,128,305	149,231
Public safety	6,088,271	6,174,132	5,661,330	512,802
Transportation	847,210	1,072,210	847,956	224,254
Public works	429,023	433,251	266,235	167,016
Animal control	96,815	96,974	90,271	6,703
Cemetery	330,086	358,502	302,361	56,141
Debt service:				
Principal retirement	-	654,781	654,781	-
Interest and other charges	-	113,042	113,042	-
Total expenditures	9,567,484	11,177,684	9,860,903	1,316,781
Revenues over (under) expenditures	(893,575)	(2,503,775)	(1,568,262)	935,513
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	717,334	1,452,307	1,452,334	27
Transfers (to) other funds	-	(434,500)	(430,185)	4,315
Payments in lieu of taxes	176,241	95,763	95,763	-
Financing- note issued	-	10,175	91,085	80,910
Total other financing sources (uses)	893,575	1,123,745	1,208,997	85,252
Appropriated fund balance	1,093,830	1,380,030	-	1,380,030
Net change in fund balance	$ -	$ -	(359,265)	$ (359,265)
Fund balances, beginning			6,160,421	
Fund balances, ending			$ 5,801,156	

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, 2025

	Major Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 629,676	$ 1,347,795	$ 469,971	$ 2,447,442
Accounts receivable (net)	1,559,081	870,305	338,310	2,767,696
Due from other governments	-	9,943,071	37,892	9,980,963
Unbilled receivables (net)	896,049	367,388	123,896	1,387,333
Inventories	1,233,537	203,588	24,653	1,461,778
Prepaid items	88,345	-	-	88,345
Restricted cash	763,387	219,102	-	982,489
Total current assets	5,170,075	12,951,249	994,722	19,116,046
Land and construction in progress	175,200	22,560,959	-	22,736,159
Other capital assets, net of depreciation	11,212,079	34,565,504	2,511,526	48,289,109
Total capital assets	11,387,279	57,126,463	2,511,526	71,025,268
Total assets	16,557,354	70,077,712	3,506,248	90,141,314
Deferred Outflows of Resources				
Pension deferrals	482,541	422,224	331,748	1,236,513
OPEB	74,213	64,937	51,022	190,172
Total deferred outflows of resources	556,754	487,161	382,770	1,426,685
Liabilities and fund equities				
Current liabilities:				
Accounts payable and accrued liabilities	1,359,578	1,698,519	108,109	3,166,206
Compensated absences-accrued vacation	60,628	56,232	39,087	155,947
Compensate absences -accrued sick leave	30,167	30,538	27,508	88,213
Installment financing notes payable	101,833	1,437,633	186,114	1,725,580
Liabilities payable from restricted assets:				
Customer deposits	763,387	219,102	-	982,489
Total current liabilities	2,315,593	3,442,024	360,818	6,118,435
Non-current liabilities:				
Compensated absences-accrued vacation	42,132	39,077	23,161	104,370
Compensate absences -accrued sick leave	120,666	122,150	110,029	352,845
Net pension liability	887,133	776,243	609,905	2,273,281
Total OPEB liability	367,563	321,618	252,700	941,881
Installment financing notes payable	712,833	25,095,533	917,594	26,725,960
Total non-current liabilities	2,130,327	26,354,621	1,913,389	30,398,337
Total liabilities	4,445,920	29,796,645	2,274,207	36,516,772
Deferred Inflows of Resources				
Pension deferrals	38,585	33,762	26,527	98,874
OPEB deferrals	69,759	61,039	47,959	178,757
Total inflows of resources	108,344	94,801	74,486	277,631
Net position				
Net investment in capital assets	10,572,613	30,593,297	1,407,818	42,573,728
Unrestricted	1,987,231	10,080,130	132,507	12,199,868
Total net position	$ 12,559,844	$ 40,673,427	$ 1,540,325	$ 54,773,596

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, 2025

	Major Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Total
Operating revenues:				
Charges for services	$ 16,342,269	$ 7,948,062	$ 3,035,930	$ 27,326,261
Water and sewer taps	-	186,920	-	186,920
Fiber optic rental	288,520	-	-	288,520
Other operating revenues	441,471	405,429	30,198	877,098
Total operating revenues	17,072,260	8,540,411	3,066,128	28,678,799
Operating expenses:				
Administration	600,384	2,005,732	-	2,606,116
Solid waste operations	-	-	2,447,128	2,447,128
Finance	551,024	-	-	551,024
Electric operations	2,752,540	-	-	2,752,540
Electric power purchases	11,889,419	-	-	11,889,419
Water and sewer treatment and distribution	-	2,599,407	-	2,599,407
Waste collection and treatment	-	2,147,460	-	2,147,460
Depreciation	665,574	1,754,621	419,850	2,840,045
Total operating expenses	16,458,941	8,507,220	2,866,978	27,833,139
Operating income	613,319	33,191	199,150	845,660
Nonoperating revenues (expenses):				
Investment earnings	96,938	-	-	96,938
Gain on sale of fixed assets	18,568	-	11,256	29,824
Interest and fees	(21,843)	(126,007)	(29,807)	(177,657)
Total nonoperating revenues (expenses)	93,663	(126,007)	(18,551)	(50,895)
Income (loss) before contributions and transfers	706,982	(92,816)	180,599	794,765
Capital contributions	-	2,258,275	-	2,258,275
Payment in lieu of taxes	(95,763)	-	-	(95,763)
Transfers (to) other funds	(491,551)	-	-	(491,551)
Change in net position	119,668	2,165,459	180,599	2,465,726
Total net position, beginning as previously reported	12,553,333	38,717,425	1,518,373	52,789,131
Restatement-change in accounting principle	(113,156)	(209,457)	(158,647)	(481,260)
Net position-beginning as restated	12,440,177	38,507,968	1,359,726	52,307,871
Total net position, June 30	$ 12,559,844	$ 40,673,427	$ 1,540,325	$ 54,773,596

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, 2025

	Major Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 16,866,435	$ 8,252,419	$ 3,065,818	$ 28,184,672
Cash paid for goods and services	(13,706,580)	(3,834,181)	(1,079,687)	(18,620,448)
Cash paid to or on behalf of employees for services	(1,806,947)	(2,349,719)	(1,335,986)	(5,492,652)
Customer deposits	(43,944)	7,627	-	(36,317)
Other operating revenues	441,471	618,162	30,198	1,089,831
Net cash provided by operating activities	1,750,435	2,694,308	680,343	5,125,086
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers (to) other funds	(813,097)	-	-	(813,097)
Transfers from other funds	225,783	-	-	225,783
Net cash flows (used in) noncapital financing activities	(587,314)	-	-	(587,314)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,305,138)	(9,015,924)	(345,543)	(10,666,605)
Proceeds from issuance of installment debt	-	5,219,469	-	5,219,469
Interest paid on bond and installment financing contracts	(21,843)	(59,474)	(29,807)	(111,124)
Principal paid on bond and installment financing contracts	(101,833)	(499,333)	(181,501)	(782,667)
Proceeds from sale of assets	18,568	-	11,256	29,824
Capital contributions-State grant	-	2,258,275	-	2,258,275
Net cash (used in) capital and related financing activities	(1,410,246)	(2,096,987)	(545,595)	(4,052,828)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	96,938	-	-	96,938
Net cash provided by investing activities	96,938	-	-	96,938
Net increase (decrease) in cash and cash equivalents	(247,125)	597,321	134,748	484,944
Balances, beginning	1,640,188	969,576	335,223	2,944,987
Balances, ending	$ 1,393,063	$ 1,566,897	$ 469,971	$ 3,429,931

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, 2025

	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	$ 613,319	$ 33,191	$ 199,150	$ 845,660
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	665,574	1,754,621	419,850	2,840,045
Changes in assets, deferred outflows of resources, and liabilities:				
(Increase) decrease in accounts receivable	(25,359)	117,437	29,888	121,966
(Increase) decrease in inventory	(63,791)	(12,298)	2,127	(73,962)
(Increase) in prepaid items	(62,691)	-	-	(62,691)
Decrease in deferred outflows of resources-pensions	94,885	83,024	101,321	279,230
Decrease in deferred outflows of resources-OPEB	18,239	15,958	18,317	52,514
(Decrease) in net pension liability	(59,873)	(52,387)	(100,350)	(212,610)
(Decrease) in OPEB liability	(4,925)	(4,309)	(26,666)	(35,900)
Increase in deferred inflows of resources-pensions	6,626	5,794	2,558	14,978
(Decrease) in deferred inflows of resources-OPEB	(5,904)	(5,166)	(8,788)	(19,858)
Increase in accounts payable and accrued liabilities	458,368	616,391	68,857	1,143,616
(Decrease) in customer deposits	(43,944)	(2,900)	-	(46,844)
Increase (decrease) in accrued sick leave	150,833	152,688	(21,110)	282,411
Increase (decrease) in accrued vacation pay	9,078	(7,736)	(4,811)	(3,469)
Total adjustment	1,137,116	2,661,117	481,193	4,279,426
Net cash provided by operating activities	$ 1,750,435	$ 2,694,308	$ 680,343	$ 5,125,086

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, 2025.

B. Basis of Presentation, Basis of Accounting

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 or ancillary activities.

The City reports the following major governmental funds:

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

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.

Fire Training Facility-Used to account for a fire training facility.

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.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. Activity occurs during the year involving transfers of resources between funds, which are reported at gross amounts as transfers in/out. While these balances are reported in the fund financial statements, certain eliminations are made for the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only net amounts are included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only net amounts are included as transfers in the business-type activities column.

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, including lease and technology subscription (SBITA) liabilities, 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

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]. Some Capital Project Funds that are funded with government grants are restricted per the grant agreement.

City of Laurinburg Restricted Cash		
Governmental Activities		
General Fund - Powell Bill	$	363,432
Stabilization by state statute		-
Downtown revitalization		40,192
Environmental		3,584
Fire training station		157,394
Total - Governmental Activities		564,602
Business-type Activities		
Electric Fund - customer deposits		763,387
Water and Sewer Fund - customer deposits		219,102
Total - Business-Type Activities		982,489
Total Restricted Cash	$	1,547,091

4. Ad Valorem Taxes Receivable

By 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, 2024. 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 a SBITA 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 are 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 2025 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 City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee or paid to an employee flex spending account) during or upon separation from employment. Based on the criteria above, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is recorded as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits where applicable.

13. 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" defined as follows: "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.

Restricted for Environmental and Fire Training Facility - portion of fund balance restricted for the purposes of specific capital projects.

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.

Capital reserve fund - portion of fund balance reserved for future purposes of fixed assets.

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.

14. 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

None were noted in fiscal 2025.

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. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2025, the City's deposits had a carrying amount (including petty cash) of $853,561 and a bank balance of $818,660. 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, 2025, the City's petty cash fund totaled $500.

2. Investments

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is a 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 6/30/2025	Maturity	Rating
NCCMT - Gov Portfolio	Fair Value - Level 1	$ 8,947,475	N/A	AAAm

3. Receivables

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2025, are net of the following allowances for doubtful accounts:

Fund	6/30/2025
General Fund:	
Taxes receivable	$ 195,898
Enterprise Funds	127,674
Total	$ 323,572

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, 2025 was $18,982, 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 the current fiscal year the City's General Fund entered into a ten 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 $2,300. The payments for fiscal year end June 30, 2025 were $24,900. The lease expires March 31 of 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.

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2025 was as follows:

	Beginning Balances	Increases/ Transfers	Decreases/ Transfers	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	$ 2,888,937	$ 427,203	$ 3,173,331	$ 142,809
Land	340,185	-	-	340,185
Other assets not being depreciated	-	-	-	-
Total capital assets not being depreciated	3,229,122	427,203	3,173,331	482,994
Capital assets being depreciated:				
Buildings	10,593,362	3,402,200	98,323	13,897,239
Other improvements	3,334,704	332,440	-	3,667,144
Equipment	2,490,203	307,371	-	2,797,574
Vehicles and motorized equipment	6,124,675	164,286	137,179	6,151,782
Infrastructure	1,048,660	-	-	1,048,660
Total capital assets being depreciated	23,591,604	4,206,297	235,502	27,562,399
Less accumulated depreciation				
Buildings	2,142,611	244,149	-	2,386,760
Other improvements	1,505,368	278,907	-	1,784,275
Equipment	2,329,786	192,731	-	2,522,517
Vehicles and motorized equipment	3,446,598	416,290	137,179	3,725,709
Infrastructure	731,456	-	-	731,456
Total accumulated depreciation	10,155,818	1,132,077	137,179	11,150,717
Total capital assets being depreciated, net	13,435,786			16,411,682
Capital assets being amortized:				
Right to use assets:				
Leased computer equipment	609,464	-	-	609,464
IT subscriptions	92,279	-	-	92,279
Total capital assets being amortized	701,743	-	-	701,743
Less accumulated amortization for:				
Right to use assets:				
Leased equipment	119,906	173,572	-	293,478
IT subscriptions	19,386	21,732	-	41,118
Total accumulated amortization	139,292	195,304	-	334,596
Total capital assets being amortized, net	$ 562,451			$ 367,147
Governmental activities capital assets, net	$ 17,227,359			$ 17,261,823

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

General government	$ 113,208
Public safety	622,642
Transportation	169,812
Public works	192,453
Cemetery	33,962
Total depreciation expense	$ 1,132,077

Business-type activities:	Beginning Balances	Increases	Decreases	Ending Balances
Electric Fund				
Capital assets not being depreciated:				
Land	$ 87,367	$ 87,833	$ -	$ 175,200
Construction in progress	220,384	446,645	667,029	-
Total capital assets not being depreciated	307,751	534,478	667,029	175,200
Capital assets being depreciated:				
Substations, lines, and related equipment	19,720,737	667,029	-	20,387,766
Furniture and maintenance equipment	1,287,581	100,264	-	1,387,845
Vehicles	1,793,706	671,396	139,399	2,325,703
Total capital assets being depreciated	22,802,024	1,438,689	139,399	24,101,314
Less accumulated depreciation for:				
Substations, lines, and related equipment	10,392,498	401,236	-	10,793,734
Furniture and maintenance equipment	951,665	102,819	-	1,054,484
Vehicles	1,016,939	161,519	137,441	1,041,017
Total accumulated depreciation	12,361,102	665,574	137,441	12,889,235
Total capital assets being depreciated, net	10,440,922	$ 773,115	$ 1,958	11,212,079
Electric fund capital assets, net	$ 10,748,673			$ 11,387,279

	Beginning Balances	Increases	Decreases	Ending Balances
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	$ 474,294	$ -	$ -	$ 474,294
Construction in progress	14,174,268	8,854,429	942,032	22,086,665
Total capital assets not being depreciated	14,648,562	8,854,429	942,032	22,560,959
Capital assets being depreciated:				
Plant and distribution systems	62,896,616	812,967	-	63,709,583
Furniture and maintenance equipment	2,885,149	254,045	5,350	3,133,844
Vehicles	3,474,985	36,515	-	3,511,500
Total capital assets being depreciated	69,256,750	1,103,527	5,350	70,354,927
Less accumulated depreciation				
Plant and distribution systems	29,825,924	1,358,653	-	31,184,577
Furniture and maintenance equipment	2,405,261	121,685	5,350	2,521,596
Vehicles	1,808,967	274,283	-	2,083,250
Total accumulated depreciation	34,040,152	1,754,621	5,350	35,789,423
Total capital assets being depreciated, net	35,216,598	$ (651,094)	$ -	34,565,504
Water and sewer fund capital assets, net	$ 49,865,160			$ 57,126,463

	Beginning Balances	Increases	Decreases	Ending Balances
Solid Waste Fund				
Capital assets not being depreciated:				
Construction in progress	$ -	$ -	$ -	$ -
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Plant and distribution systems	535,955	68,914	-	604,869
Furniture and maintenance equipment	1,129,292	-	-	1,129,292
Vehicles	3,928,229	276,629	58,972	4,145,886
Total capital assets being depreciated	5,593,476	345,543	58,972	5,880,047
Less accumulated depreciation for:				
Plant and distribution systems	272,332	47,948	-	320,280
Furniture and maintenance equipment	26,006	52,880	-	78,886
Vehicles	2,709,211	319,022	58,878	2,969,355
Total accumulated depreciation	3,007,549	419,850	58,878	3,368,521
Total capital assets being depreciated, net	2,585,927	$ (74,307)	$ 94	2,511,526
Sanitation fund capital assets, net	$ 2,585,927			$ 2,511,526
Business type activities capital assets, net	$ 63,199,760			$ 71,025,268

5. Construction Commitments

The government has active construction projects as of June 30, 2025. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Fire Station Trainer	3,073,263	-
Water Sewer Project-Wastewater Phase 1 & 2	23,469,416	41,500,921
Brownsfield	259,693	240,307
Total	$ 26,802,372	$ 41,741,228

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, 2025, was 15.04% of compensation for law enforcement officers and 13.65% 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 $1,284,099 for the year ended June 30, 2025.

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, 2025, the City reported a liability of $5,544,590 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024.The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024, 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, 2024 (measurement date), the City's proportion was .08225%, which was a decrease of .00712% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized pension expense of $1,544,337. At June 30, 2025, 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	$ 971,622	$ 6,533
Change of assumptions		
Net difference between projected and actual earnings on pension plan investments	753,784	-
Changes in proportion and differences between City contributions and proportionate share of contributions	6,384	234,622
City contributions subsequent to measurement date	1,284,099	-
Total	$ 3,015,889	$ 241,155

$1,284,099 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, 2026. 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	
2026	$ 430,347
2027	1,013,759
2028	131,761
2029	(85,232)
2030	-
Thereafter	-
Total	$ 1,490,635

Actuarial Assumptions. The total pension liability in the December 31, 2024 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, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2017.

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, 2025 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 2025 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 2024 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%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.5 percent) or one percentage point higher (7.5 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50)	1% Increase (7.50%)
City's proportionate share of the net pension liability (asset)	$ 9,825,176	$ 5,544,590	$ 2,023,219

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, 2024, the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	6
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	29
Total	35

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, 2024 valuation. The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	3.50% - 8.10%
Discount Rate	2.98% 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 $120,328 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, 2025, the City reported a total pension liability of $1,579,262. The total pension liability was measured as of December 31, 2024, based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the City recognized pension expense of $92,869.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 55,251	$ 165,024
Change of assumptions	128,458	182,281
Benefit payments and admin expenses subsequent to measurement date	60,402	-
Total	$ 244,111	$ 347,305

$60,402 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	
2026	$ 6,575
2027	(51,877)
2028	(70,349)
2029	(30,651)
2030	(8,294)
Thereafter	-
	$ (154,596)

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 4.28 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 (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current rate:

	1% Decrease 3.28%	Discount Rate 4.28%	1% Increase 5.28%
City's proportionate share of the net pension liability (asset)	$ 1,694,093	$ 1,579,262	$ 1,474,784

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

Beginning balance:	$ 1,776,208
Service cost	55,405
Interest on total pension liability	68,935
Changes of benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	(184,554)
Changes of assumption of other inputs	(31,075)
Benefit payments	(105,657)
Other changes	-
Ending balance of the total pension liability	$ 1,579,262

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 4 percent at December 31, 2023 (measurement date) to 4.28 percent at December 31, 2024 (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, 2023 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	$ 1,544,337	$ 32,467	$ 1,576,804
Pension liability	5,544,590	1,579,262	7,123,852
Proportionate share of the net pension liability	0.08225%	N/A	-
Deferred Outflows of Resources			
Difference between expected and actual experience	971,622	55,251	1,026,873
Changes of assumptions	-	128,458	128,458
Net difference between projected and actual earnings on plan investments	753,784	-	753,784
Changes in proportion and differences between contributions and proportionate share of contributions	6,384	-	6,384
Benefit payments and administrative costs paid subsequent to the measurement date	1,284,099	60,402	1,344,501
Deferred Inflows of Resources			
Differences between expected and actual experience	6,533	165,024	171,557
Changes of assumptions	-	182,281	182,281
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	234,622	-	234,622

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, 2025 for general employees and law enforcement officers, respectively, were $425,170 and $198,554, which consisted of $303,693 from the City and $121,477 from the general employees and $119,457 from the City and $79,096 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 $2,297,270 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2024 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	3.93 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, 2024	$ 2,328,051
Changes for the year:	
Service cost	63,218
Interest	85,084
Changes in benefit terms	-
Difference between expected and actual experience	(8,147)
Changes in assumptions or other inputs	(49,425)
Benefit payments	(121,511)
Net Changes	(30,781)
Balance at June 30, 2025	$ 2,297,270

Changes in assumptions and other inputs reflect a change in the discount rate from 3.65% to 3.93%.

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	$ 2,479,616	$ 2,297,270	$ 2,130,724

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	$ 2,084,435	$ 2,297,270	$ 2,541,488

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

For the year ended June 30, 2025, the City recognized OPEB expense of $135,840. At June 30, 2025, 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	$ 35,312	$ 185,778
Change of assumptions	338,989	250,216
Benefit payments and administrative costs made subsequent to the measurement date	89,533	-
Total	$ 463,834	$ 435,994

$89,533 reported as deferred outflows of resources related to OPEB 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	
2026	$ 2,672
2027	12,512
2028	16,645
2029	4,245
2030	(64,043)
Thereafter	(33,724)
Total	$ (61,693)

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	$ 1,284,098
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	60,402
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	89,533
Differences between expected and actual experience	1,062,185
Change of assumptions	467,447
Net difference between projected and actual	753,784
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,384
Total deferred outflows	$ 3,723,833

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

Source	Statement Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	$ 5,024	$ 5,024
Deferred revenues	-	48,430
Taxes receivable, less penalties (General Fund)	-	283,333
Leases receivable	361,710	361,710
Changes in assumptions	432,497	-
Differences between expected and actual experience	357,335	-
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	234,622	-
Total deferred inflows	$ 1,391,188	$ 698,497

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, 2025, the value of the lease liability for the General Fund is $143,844. 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, 2025 of $221,870 with accumulated amortization of $78,148 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, 2025, the value of the lease liability for the General Fund is $129,139. 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, 2025 of $387,593 with accumulated amortization of $215,330 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, 2025, were as follows:

	Governmental Activities	
Year Ending June 30	Principal Payments	Interest Payments
2026	$ 173,160	$ 8,421
2027	45,303	2,277
2028	46,623	957
2029	7,924	28
2030	-	-
Total Lease Obligations	$ 273,010	$ 11,683

Subscriptions

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, 2025 was $40,800. Payments are $1,219 per month. The asset and liability are serviced by the general fund.

In fiscal year 2024, 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, 2025 was $7,969. 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, 2025, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2026	21,559	1,338	22,897
2027	14,003	624	14,627
2028	13,210	199	13,409
2029	-	-	-
2030	-	-	-
	48,772	2,161	50,933

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, 2025 is $28,151. 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, 2025 is $3,258,669. 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, 2025 is $814,666. 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, 2025 is $814,666. 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, 2025 is $412,881. 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, 2025 is $662,677. 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, 2025 was $47,115. 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, 2025 was $41,882. The asset and liability are serviced by the General Fund.

In fiscal year 2025, the City entered into a $91,085 installment agreement for purchase of law enforcement car 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, 2025 was $73,929. The asset and liability are serviced by the general fund.

Annual debt service payments of the installment purchases as of June 30, 2025, including interest, are as follows:

	Installment Agreements Governmental Activities		Installment Agreements Business-Type Activities	
2026	$ 468,846	$ 84,317	$ 389,780	$ 67,135
2027	470,690	71,881	365,854	57,229
2028	426,080	59,391	370,202	47,586
2029	426,643	48,237	374,675	37,818
2030	407,333	37,067	379,279	27,919
2031-2035	1,222,000	47,655	853,251	29,232
2036-2040	-	-	-	-
Total Annual Debt	$ 3,421,592	$ 348,548	$ 2,733,041	$ 266,919

At June 30, 2025, the City of Laurinburg had a legal debt margin of $70,855,953.

Revolving Loans

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

In December of 2024, 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 term of the agreement is 20 years. Principal payments start in May of 2026. The balance owed at June 30, 2025 is $10,315,000 and is serviced by the Water Fund.

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

In December of 2024, the City entered into a revolving loan agreement to finance the Water Distribution System Phase 2 Project. The total approved loan is $7,150,000, the interest rate is 1.13%. The term of the agreement is 20 years. Principal payments started May of 2025. The balance owed at June 30, 2025 is $6,792,500 and is serviced by the Water Fund.

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

In October of 2024, the City entered into a revolving loan agreement to finance the Lead Service Line Project. The total approved loan is $500,000, with $300,000 principal forgiveness, the interest rate is 0%. The term of the agreement is 5 years. Principal payments started May of 2025. The balance owed at June 30, 2025 is $160,000 and is serviced by the Water Fund.

$8,451,000 NC Dept. of Environmental Quality Division of Water Infrastructure -Revolving Loan

In September of 2024, the City entered into a revolving loan agreement to finance the Sanitation Sewer Rehab Phase 2 Project. The total loan is $8,951,000 with $500,000 principal forgiveness, the interest rate is .13%. The term of the agreement loan is 20 years. Principal payments will start in May of 2026.The balance owed at June 30, 2025 is $8,451,000 and is serviced by the Water Fund.

	Business-Type Accounts Revolving Loans	
Year Ending June 30	Principal	Interest
2026	1,335,800	238,669
2027	1,335,800	178,105
2028	921,883	173,256
2029	921,883	163,405
2030	1,295,800	153,555
2031-2035	6,479,000	599,833
2036-2040	6,479,000	353,593
2041-2045	6,949,334	175,006
Total	$ 25,718,500	$ 2,035,422

Changes in long term liabilities at June 30, 2025, consist of the following:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities					
Installment agreement	$ 3,797,564	$ 91,085	$ 467,054	$ 3,421,595	$ 468,846
Lease liability	440,220	-	167,237	272,983	173,162
IT subscription liabilities	69,261	-	20,490	48,771	21,559
Net pension liability-LGERS	3,432,897	-	161,589	3,271,308	-
Net pension obligation (LEOSSA)	1,776,208	-	196,946	1,579,262	-
Total OPEB liability	1,350,270	5,119	-	1,355,389	-
Compensated absences: Accrued sick leave	499,372	32,251	-	531,623	106,324
Compensated absences: Accrued vacation	414,596	150,827	131,359	434,064	173,626
Governmental activities long-term liabilities	$ 11,780,388	$ 279,282	$ 1,144,675	$ 10,914,995	$ 943,517
Business-type activities					
Electric Fund					
Installment agreement	$ 916,499	$ -	$ 101,833	$ 814,666	$ 101,833
Net pension liability-LGERS	947,006	-	59,873	887,133	-
Total OPEB liability	372,488	-	4,925	367,563	-
Compensated absences: Accrued sick leave (net)	113,156	37,677	-	150,833	30,167
Compensated absences: Accrued vacation	93,682	65,500	56,422	102,760	60,628
	$ 2,442,831	$ 103,177	$ 223,053	$ 2,322,955	$ 192,628
Water and Sewer Fund					
Installment agreement	$ 916,499	$ -	$ 101,833	$ 814,666	$ 101,833
Revolving loans	11,877,549	14,238,451	397,500	25,718,500	1,335,800
Net pension liability-LGERS	828,630	-	52,387	776,243	-
Total OPEB liability	325,927	-	4,309	321,618	-
Compensated absences: Accrued sick leave (net)	209,457	-	56,769	152,688	30,538
Compensated absences: Accrued vacation	103,045	33,859	41,595	95,309	56,232
	$ 14,261,107	$ 14,272,310	$ 654,393	$ 27,879,024	$ 1,524,403
Solid Waste Fund					
Installment agreement	$ 1,285,209	$ -	$ 181,501	$ 1,103,708	$ 186,114
Net pension liability-LGERS	710,255	-	100,350	609,905	-
Total OPEB liability	279,366	-	26,666	252,700	-
Compensated absences: Accrued sick leave (net)	158,647	-	21,110	137,537	27,508
Compensated absences: Accrued vacation	67,059	20,163	24,974	62,248	39,087
	$ 2,500,536	$ 20,163	$ 354,601	$ 2,166,098	$ 252,709
Business type activities long-term liabilities	$ 19,204,474	$ 14,395,650	$ 1,232,047	$ 32,368,077	$ 1,969,740

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 $21,930 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, 2025. 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	$ 16,894,678	$ 71,025,268	$ 87,919,946
Right-to-use leased assets, net of amortization	367,147	-	367,147
Less: Long-term debt	3,743,349	28,451,540	32,194,889
Net investment in capital assets	$ 13,518,476	$ 42,573,728	$ 56,092,204

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	
Less:	
Non-spendable - Prepaid expenses	14,851
Non-spendable - Leases	21,519
Non-spendable - Inventories	60,505
Stabilization by State Statute - Restricted	1,301,023
Streets - Powell Bill - Restricted	363,431
Future bond debt - City hall - Assigned	489,197
Subsequent years' expenditures	398,891
Remaining fund balance (unassigned)	3,151,736

Interfund Balances and Activity

Transfer to/from other funds at June 30, 2025, consists of the following:

From the Electric Fund to the General Fund for payment in lieu of taxes	$ 95,763
From the Electric Fund to the General Fund in accordance with ~ 159B-39	717,334
From the Water Fund to the Water Sewer Capital Project Phase 1 and 2	236,850
From the General Fund to the Downtown Revitalization Fund for revitalization of downtown	20,685
From the General Fund to the Brownsfield Fund for Capital Project	22,500
From the General Fund to the Fire Station Capital project for project expenditures	107,000
From the Capital Reserve Fund to the General Fund for future infrastructure	455,000
From the Capital Reserve Fund to the Electric Fund for capital outlay	225,783
Total	$ 1,880,915

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, 2025 were $ 11,889,419.

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, 2025. 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, 2025 in the amount of $8,537.

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 December 30, 2025, the date which the financial statements were available to be issued.

Note 8 - Changes in Accounting Principles

For the year ended June 30, 2025, GASB Statement No. 101, Compensated Absences, was implemented. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This changé restated and reduced beginning net position of governmental activities in the government-wide statements by $499,372. This change restated and reduced beginning net position of government-wide business-type activities and proprietary funds by $481,260.

For the year ended June 30, 2025, GASB Statement No. 102, Certain Risk Disclosures, was implemented. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

Note 9 - 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 Payroll for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liabilities and Related Ratios And Total OPEB Liability as a Percentage of Covered Payroll

City of Laurinburg, North Carolina
City of Laurinburg's Proportionate Share of Net Pension Liability (Asset)
Local Government Employees' Retirement System

	2025	2024	2023	2022	2021
Laurinburg's proportion of the net pension liability (asset) (%)	0.08225%	0.08937%	0.09344%	0.09904%	0.10360%
Laurinburg's proportion of the net pension liability (asset) ($)	5,544,590	5,918,788	5,271,350	1,518,873	3,702,069
Laurinburg's covered-payroll	8,278,540	7,636,627	7,343,830	7,009,505	7,202,313
Laurinburg's proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	66.98%	77.50%	69.03%	21.67%	51.40%
Plan fiduciary net position as a percentage of the total pension liability	86.90%	88.20%	90.70%	87.80%	89.40%

	2020	2019	2018	2017	2016
Laurinburg's proportion of the net pension liability (asset) (%)	0.11074%	0.10932%	0.11536%	0.11442%	0.11703%
Laurinburg's proportion of the net pension liability (asset) ($)	3,024,223	2,593,444	1,762,381	2,428,375	525,268
Laurinburg's covered-payroll	7,360,981	6,295,300	6,244,611	6,202,795	5,896,860
Laurinburg's proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	41.08%	41.20%	28.22%	39.15%	8.91%
Plan fiduciary net position as a percentage of the total pension liability	90.02%	91.98%	94.18%	91.47%	98.09%

City of Laurinburg, North Carolina
City of Laurinburg's Contributions
Local Government Employee's Retirement System

	2025	2024	2023	2022	2021
Contractually required contribution	1,284,098	1,100,974	945,396	850,243	728,062
Contributions in relation to the contractually required contribution	1,284,098	1,100,974	945,396	850,243	728,062
Contribution deficiency (excess)	-	-	-	-	-
Laurinburg's covered-payroll	9,079,650	8,278,540	7,636,627	7,343,830	7,009,505
Contributions as a percentage of covered-payroll	14.14%	13.30%	12.37%	11.58%	10.39%

	2020	2019	2018	2017	2016
Contractually required contribution	644,607	570,476	487,905	468,631	420,613
Contributions in relation to the contractually required contribution	644,607	570,476	487,905	468,631	420,613
Contribution deficiency (excess)	-	-	-	-	-
Laurinburg's covered-payroll	7,202,313	7,360,981	6,295,300	6,244,611	6,202,795
Contributions as a percentage of covered-payroll	8.95%	7.75%	7.75%	7.50%	6.78%

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

	2025	2024	2023	2022
Beginning balance	$ 1,776,208	$ 1,713,363	$ 1,939,078	$ 1,786,134
Service cost	55,405	60,469	92,700	102,017
Interest on the total pension liability	68,935	71,843	42,688	33,793
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(184,554)	(14,067)	19,777	139,233
Changes of assumptions or other inputs	(31,075)	37,553	(297,218)	(51,705)
Benefit payments	(105,657)	(92,953)	(83,662)	(70,394)
Other changes	-	-	-	-
Ending balance of the total pension liability	$ 1,579,262	$ 1,776,208	$ 1,713,363	$ 1,939,078

	2021	2020	2019
Beginning balance	$ 1,268,194	$ 1,101,967	$ 1,028,878
Service cost	60,992	55,680	56,108
Interest on the total pension liability	40,235	39,123	31,516
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(35,184)	87,573	92,736
Changes of assumptions or other inputs	519,856	38,149	(44,168)
Benefit payments	(67,959)	(54,298)	(63,103)
Other changes	-	-	-
Ending balance of the total pension liability	$ 1,786,134	$ 1,268,194	$ 1,101,967

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.

The City has no assets accumulated in a trust that meets the criteria for a pension trust as defined by GASB Statement 67.

See Notes to the Schedule on the following schedule.

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

	2025	2024	2023
Total pension liability	$ 1,579,262	$ 1,776,208	$ 1,713,363
Covered-employee payroll	1,827,498	2,115,855	2,068,207
Total pension liability as a percentage of covered-employee payroll	86.42%	83.95%	82.84%

	2022	2021	2020	2019
Total pension liability	$ 1,913,078	$ 1,786,134	$ 1,268,194	$ 1,101,967
Covered-employee payroll	2,147,756	2,098,788	2,119,510	1,961,580
Total pension liability as a percentage of covered-employee payroll	89.07%	85.10%	59.83%	56.18%

Notes to the Schedule:
The City has no assets accumulated in a trust that meets the criteria for a pension trust as defined by GASB Statement 67.

The total pension liability was determined from an actuarial valuation as of December 31, 2024. Methods and assumptions used were: the actuarial cost method was entry-age normal; a discount rate of 3.71%; inflation at 2.50%; projected individual salary increases of 2.5% to 6.0% annually; projected total payroll increase of 3.0% annually; and cost of living adjustments of 2.0% annually.

City of Laurinburg, North Carolina
Schedule of Changes in Total OPEB Liabilities and Related Ratios
and Total OPEB Liability as a Percentage of Covered Payroll
Healthcare Benefits Plan

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service cost	$ 63,218	$ 77,551	$ 100,694	$ 108,517	$ 80,108
Interest	85,084	88,182	60,741	53,952	74,301
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(8,147)	(231,407)	(9,573)	21,643	28,370
Changes of assumptions	(49,425)	52,449	(302,861)	347,380	255,470
Benefit payments	(121,511)	(143,144)	(151,152)	(154,473)	(141,733)
Net change in total OPEB liability	(30,781)	(156,369)	(302,151)	377,019	296,516
Total OPEB liability - beginning	2,328,051	2,484,420	2,786,571	2,409,552	2,113,036
Total OPEB liability - ending	$ 2,297,270	$ 2,328,051	$ 2,484,420	$ 2,786,571	$ 2,409,552
Covered payroll	$ 6,977,666	$ 6,977,666	$ 6,728,975	$ 6,728,975	$ 6,756,937
Total OPEB liability as a percentage of covered payroll	32.92%	33.36%	36.92%	41.41%	35.66%

Notes to the Schedule:

The City of Laurinburg has no assets accumulated in a trust that meets the criteria for an OPEB trust as defined by GASB Statement 68.

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 fiscal year:

Fiscal year	Rate
2025	3.93%
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%

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, 2025

	Budget	Actual	Variance Over (Under)
Revenues:			
Ad valorem taxes:			
Taxes		$ 3,511,720	
Penalties and interest		66,217	
Total	3,900,000	3,577,937	(322,063)
Other taxes and licenses:			
Local option sales tax		1,584,644	
Animal taxes		273	
Privilege licenses		610	
Total	1,672,500	1,585,527	(86,973)
Unrestricted intergovernmental:			
Utility franchise tax		982,121	
Beer and wine tax		59,773	
Cable franchise		434,974	
Contributions from local county		43,758	
Tax refunds - sales and gasoline		103,762	
Total	1,765,747	1,624,388	(141,359)
Restricted intergovernmental:			
Federal government grants		21,362	
Powell Bill allocation		573,653	
Total	550,000	595,016	45,016
Permits and fees:			
Court fees		1,672	
Municipal vehicle fee		106,410	
Inspection fees		33,832	
Total	140,000	141,914	1,914
Sales and services:			
Fire protection		136,698	
Cemetery lots		101,544	
Lease revenue		63,097	
Total	345,675	301,339	(44,336)
Investment earnings	5,000	298,896	293,896
Miscellaneous:			
Sale of materials and other assets		31,544	
Concessions		36,601	
Other		99,479	
Total	294,987	167,625	(127,362)
Total revenues	8,673,909	8,292,641	(381,268)

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, 2025

	Budget	Actual	Variance Over (Under)
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		190,192	
Membership dues and subscriptions		28,858	
Other operating expenditures		15,908	
Reimbursement - proprietary funds		(170,290)	
Total	84,038	64,668	19,370
Administration:			
Salaries and employee benefits		465,921	
Other operating expenditures		16,541	
Capital outlay		41,055	
Reimbursement - proprietary funds		(478,935)	
Total	96,093	44,582	51,511
Personnel/safety:			
Salaries and employee benefits		218,750	
Other operating expenditures		423,849	
Reimbursement - proprietary funds		(234,302)	
Total	443,053	408,297	34,756
Finance:			
Salaries and employee benefits		402,063	
Other operating expenditures		47,838	
Reimbursement - proprietary funds		(435,604)	
Total	66,607	14,297	52,310
Taxes:			
Salaries and employee benefits		116,882	
Collection fees		880	
Other operating expenditures		15,865	
Total	145,285	133,627	11,658
Public buildings:			
Salaries and employee benefits		34,282	
Other operating expenditures		40,063	
Total	81,654	74,345	7,309
Information technology:			
Other operating expenditures		468,868	
Reimbursement - proprietary funds		(412,062)	
Total	80,526	56,806	23,720
Total general government	997,256	796,622	200,634

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, 2025

	Budget	Actual	Variance Over (Under)
Expenditures - Continued:			
Community development:			
Administration:			
Salaries and employee benefits		211,731	
Other operating expenditures		76,632	
Contributions to local organizations		153,050	
Total	483,269	441,413	41,856
Planning:			
Salaries and employee benefits		95,290	
Other operating expenditures		71,956	
Total	184,187	167,246	16,941
Engineering:			
Salaries and employee benefits		69,542	
Other operating expenditures		19,190	
Reimbursement - proprietary funds		(82,110)	
Total	16,748	6,622	10,126
Beautification:			
Salaries and employee benefits		336,891	
Other operating expenditures		101,324	
Capital outlay		74,808	
Total	593,332	513,024	80,308
Total community development	1,277,536	1,128,305	149,231
Public safety:			
Police:			
Salaries and employee benefits		3,008,399	
Vehicle maintenance		199,912	
Other operating expenditures		333,615	
Capital outlay		434,513	
Total	4,376,616	3,976,438	400,178
Fire:			
Salaries and employee benefits		1,074,584	
Vehicle maintenance		79,438	
Other operating expenditures		206,387	
Capital outlay		253,957	
Total	1,671,916	1,614,366	57,550
Rescue units:			
Operating expenditures		70,525	
Total	125,600	70,525	55,075
Total public safety	6,174,132	5,661,330	512,802

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, 2025

	Budget	Actual	Variance Over (Under)
Expenditures - Continued:			
Transportation:			
Streets and highways:			
Salaries and employee benefits		397,066	
Other operating expenditures		240,889	
Capital outlay		210,000	
Total	1,072,210	847,956	224,254
Public works:			
Administration:			
Salaries and employee benefits		136,236	
Other operating expenditures		11,568	
Reimbursement - proprietary funds		(142,519)	
Total	30,357	5,285	25,072
Storm drainage:			
Salaries and employee benefits		98,342	
Other operating expenditures		63,271	
Total	281,556	161,613	119,943
Garage:			
Salaries and employee benefits		71,596	
Other operating expenditures		19,822	
Capital outlay		7,919	
Total	121,338	99,337	22,001
Total public works	433,251	266,235	167,016
Animal control:			
Salaries and employee benefits		85,902	
Other operating expenditures		4,369	
Total	96,974	90,271	6,703
Cemetery:			
Salaries and employee benefits		224,440	
Other operating expenditures		67,208	
Capital outlay		10,714	
Total	358,502	302,361	56,141
Debt service			
Principal retirement		654,781	
Interest and other charges		113,042	
Total	767,823	767,823	-
Total expenditures	11,177,684	9,860,903	1,316,781
Revenues over (under) expenditures carried forward	(2,503,775)	(1,568,262)	935,513

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, 2025

	Budget	Actual	Variance Over (Under)
Revenues over (under) expenditures brought forward	(2,503,775)	(1,568,262)	935,513
Other financing sources (uses):			
Transfers from other funds:			
Governmental funds:			
Enterprise funds:			
Electric fund - pilot	-	95,763	95,763
Electric fund - GS ~ 159b-39	717,334	717,334	-
Capital reserve fund	734,973	735,000	27
Transfers to other funds:			
To special revenue and capital project funds	(434,500)	(430,185)	4,315
Other financing uses - financing note issued	105,938	91,085	(14,853)
Fund balance appropriated	1,380,030	-	(1,380,030)
Total other financing sources (uses)	2,503,775	1,208,997	(1,294,778)
Net change in fund balance	$ -	(359,265)	$ (359,265)
Fund balance, beginning			
Beginning of year, July 1		6,160,421	
End of year, June 30		$ 5,801,156	

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, 2025

	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Over (Under)
Revenues:					
Restricted Intergovernmental					
Grant revenues					
Golden Leaf	$ 1,625,000	$ 1,460,514	$ 164,486	$ 1,625,000	$ -
NCSCIF	920,000	953,975	-	953,975	33,975
FEMA	135,897	-	-	-	(135,897)
Investment revenue	-	365	-	365	365
Total revenue	2,680,897	2,414,854	164,486	2,579,340	(101,557)
Expenditures:					
Construction	2,902,897	2,718,883	207,017	2,925,900	(23,003)
Contracted services	95,000	69,985	1,450	71,435	23,565
Equipment	75,000	-	75,928	75,928	(928)
Total expenditures	3,072,897	2,788,868	284,395	3,073,263	(366)
Revenues (under) expenditures	(392,000)	(374,014)	(119,909)	(493,923)	(101,923)
Other financing sources:					
Transfers from other funds:					
General fund	392,000	386,923	107,000	493,923	101,923
Total other financing sources	392,000	386,923	107,000	493,923	101,923
Net change in fund balance	$ -	$ 12,909	(12,909)	$ -	$ -
Fund balances, beginning			12,909		
Fund balances, ending			$ -		

City of Laurinburg, North Carolina
Combining Balance Sheet
Nonmajor Governmental Fund
June 30, 2025

	Special Revenue Fund	Capital Project Funds				Total Nonmajor Governmental Funds
	Downtown Revitalization	Brownsfield Project	Fire Training Facility	Capital Reserve	Cemetery Perpetual	
Assets:						
Cash	$ 92,750	$ -	$ -	$ 683,543	$ 674,622	$ 1,450,915
Restricted cash	40,192	3,584	157,394	-	-	201,170
Due from other governments	-	4,851	-	-	-	4,851
Total assets	132,942	8,435	157,394	683,543	674,622	1,656,936
Liabilities and Fund Balances						
Payables	9	-	-	-	25	34
Unspent grant proceeds	-	-	157,190	-	-	157,190
Total liabilities	9		157,190	-	25	157,224
Fund balance:						
Restricted:						
Environmental	-	8,435	-	-	-	8,435
Fire training facility	-	-	204	-	-	204
Downtown revitalization	40,192	-	-	-	-	40,192
Assigned:						
Downtown revitalization	92,742	-	-	-	-	92,742
General Fund	-	-	-	341,772	-	341,772
Electric Fund	-	-	-	341,771	-	341,771
Non spendable-perpetual maintenance	-	-	-	-	674,597	674,597
Unassigned	-	-	-	-	-	-
Total fund balances	132,934	8,435	204	683,543	674,597	1,499,713
Total liabilities and fund balances	$ 132,942	$ 8,435	$ 157,394	$ 683,543	$ 674,622	$ 1,656,936

City of Laurinburg, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Fund	Capital Project Funds				Total Nonmajor
	Downtown Revitalization	Brownsfield Project Funds	Fire Training Facility	Capital Reserve	Cemetery Perpetual Fund	Governmental Funds
Revenues:						
Ad valorem tax	$ 20,685	$ -	$ -	$ -	$ -	$ 20,685
Sales and services	-	-	-	-	19,219	19,219
Government grants	-	151,085	142,809	-		293,894
Interest	-	-	204	-	23,387	23,591
Total revenues	20,685	151,085	143,013	-	42,606	357,389
Expenditures:						
Current:						
Downtown revitalization	45,270	-	-	-	-	45,270
Contracted services	-	165,150	142,809	-	-	307,959
Total expenditures	45,270	165,150	142,809	-	-	353,229
Revenues over (under) expenditures	(24,585)	(14,065)	204	-	42,606	4,160
Other financing sources:						
Transfers from General Fund	20,685	22,500	-	280,000	-	323,185
Transfers from Electric Fund	-	-	-	49,150	-	49,150
Transfers (to) General Fund	-	-	-	(735,000)	-	(735,000)
Transfers (to) Electric Fund	-	-	-	(274,934)	-	(274,934)
Total financing sources	20,685	22,500	-	(680,784)	-	(637,599)
Net change in fund balance	(3,900)	8,435	204	(680,784)	42,606	(633,439)
Fund balance, beginning of year	136,834	-	-	1,364,326	631,991	2,133,151
Fund balance, end of year	$ 132,934	$ 8,435	$ 204	$ 683,543	$ 674,597	$ 1,499,713

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, 2025

	Budget	Current Year	Variance Over (Under)
Revenues:			
Ad valorem taxes:			
Current year	$ -	$ 20,685	$ 20,685
Total revenue	-	20,685	20,685
Expenditures:			
Downtown revitalization	75,000	45,270	29,730
Total expenditures	75,000	45,270	29,730
Revenues over (under) expenditures	(75,000)	(24,585)	50,415
Other financing sources:			
Transfers from other funds:			
General fund	-	20,685	20,685
Total other financing sources	-	20,685	20,685
Fund balance appropriated	75,000	-	(75,000)
Net change in fund balance	$ -	(3,900)	$ (3,900)
Fund balances - beginning		136,834	
Fund balances, ending		$ 132,934	

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, 2025

	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Over (Under)
Revenues:					
Grant revenues					
Federal Government Grants	$ 500,000	$ 94,543	$ 151,085	$ 245,628	$ (254,372)
Total revenue	500,000	94,543	151,085	245,628	(254,372)
Expenditures:					
Contract Expenditures	500,000	94,543	165,150	259,693	240,307
Total expenditures	500,000	94,543	165,150	259,693	240,307
Revenues (under) expenditures	-	-	(14,065)	(14,065)	(14,065)
Other financing sources:					
Transfer from General Fund	-	-	22,500	22,500	22,500
Total other financing sources	-	-	22,500	22,500	22,500
Net change in fund balance	$ -	$ -	8,435	$ 8,435	$ 8,435
Fund balances, beginning			-		
Fund balances, ending			$ 8,435		

City of Laurinburg, North Carolina
Fire Training Center Capital Project Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Over (Under)
Revenues:					
Grant revenues					
State Government Grants	$ 300,000	$ -	$ 142,809	$ 142,809	$ (157,191)
Interest income	-	-	204	204	204
Total revenue	300,000	-	143,013	143,013	(156,987)
Expenditures:					
Construction	300,000	-	142,809	142,809	157,191
Total expenditures	300,000	-	142,809	142,809	157,191
Revenues over expenditures	-	-	204	204	204
Net change in fund balance	$ -	$ -	204	$ 204	$ 204
Fund balances, beginning			-		
Fund balances, ending			$ 204		

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, 2025

	Project Authorization	Prior Years	Current Year	Total Project To Date	Variance Over (Under)
Revenues:					
Grant revenues					
Federal Government Grants	$ -	$ -	$ -	$ -	$ -
Total revenue	-	-	-	-	-
Expenditures:					
Equipment replacement	683,542	-	-	-	683,542
Total expenditures	683,542	-	-	-	683,542
Revenues (under) expenditures	(683,542)	-	-	-	683,542
Other financing sources (uses):					
Transfers from other funds:					
General Fund	1,015,774	1,121,012	280,000	1,401,012	385,238
Electric Fund	1,015,774	581,386	49,150	630,536	(385,238)
Transfers (to) other funds					
General Fund	(1,048,012)	(313,012)	(735,000)	(1,048,012)	-
Electric Fund	(299,994)	(25,060)	(274,934)	(299,994)	-
Total other financing sources (uses)	683,542	1,364,326	(680,783)	683,543	
Net change in fund balance	$ -	$ -	(680,783)	$ 683,543	$ 683,543
Fund balances, beginning			1,364,326		
Fund balances, ending			$ 683,543		

City of Laurinburg, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2025

	Budget	Actual	Variance Over (Under)
Revenues:			
Operating revenues:			
Charges for services:			
Electricity sales		$ 15,815,135	
Municipal sales		527,134	
Fiber optic rental		288,520	
Total	17,450,528	16,630,789	(819,739)
Other operating revenues			
Other operating revenues		441,471	
Total other operating revenues	264,500	441,471	176,971
Total operating revenues	17,715,028	17,072,260	(642,768)
Nonoperating revenues			
Interest earnings		96,938	
Gain on sale of fixed assets		18,568	
Total nonoperating revenue	26,879	115,506	88,627
Total revenues	17,741,907	17,187,765	(554,142)
Expenditures:			
Administration:			
Salaries and employee benefits		77,645	
Supplies		1,220	
Utilities		328	
Management fees		447,021	
Other operating expenditures		54,052	
Total	706,366	580,266	126,100
Consumer billing and receiving:			
Salaries and employee benefits		334,319	
Maintenance		51,053	
Other operating expenditures		147,674	
Total	558,579	533,046	25,533

City of Laurinburg, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2025

	Budget	Actual	Variance Over (Under)
Electrical operations:			
Salaries and employee benefits		1,457,716	
Supplies		104,431	
Contracted maintenance		346,431	
Vehicle maintenance		80,606	
Utilities		80,201	
Other operating expenditures		691,381	
Total	3,026,203	2,760,767	265,436
Electrical power purchases	11,893,663	11,889,419	4,244
Debt service:			
Interest expense		21,843	
Principal retirement		101,833	
Total debt service	124,338	123,676	662
Capital outlay:			
Electrical consumer billing		47,715	
Electrical operations		1,258,424	
Total capital outlay	1,306,139	1,306,139	-
Total expenditures	17,615,288	17,193,313	421,975
Revenues over (under) expenditures	126,619	(5,548)	(132,167)
Other financing sources (uses):			
Transfers to other funds:			
General fund - GS ~ 159B-39	-	(717,334)	(717,334)
General fund - (payment in lieu of taxes)	(90,000)	(95,763)	(5,763)
Capital reserve fund	(494,400)	225,783	(720,183)
Total other financing sources (uses)	(584,400)	(587,314)	(2,914)
Fund balance appropriated	457,781		(457,781)
Revenues and other financing sources over (under) expenditures and other financing (uses) carried forward	$ -	(592,863)	$ (592,863)

City of Laurinburg, North Carolina
Electric Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2025

	Budget	Actual	Variance Over (Under)
Revenues and other financing sources over (under) expenditures and other financing (uses) brought forward	$ -	(592,863)	$ (592,863)

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

Reconciling items:	
Principal retirement	101,833
Inventory change	63,791
Capital outlay	1,306,139
Bad debts	2,143
Increase in accrued vacation pay	(9,078)
Increase in accrued sick leave	(37,677)
Depreciation	(665,574)
Decrease in deferred outflows of resources - pensions	(94,885)
Increase in deferred inflows of resources - pensions	(6,626)
Decrease in net pension liability	59,872
Decrease in deferred outflows of resources - OPEB	(18,238)
Decrease in deferred inflows of resources - OPEB	5,905
Decrease in net OPEB liability	4,926
Total reconciling items	712,531
Change in net position	$ 119,668

City of Laurinburg, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2025

	Budget	Actual	Variance Over (Under)
Revenues:			
Operating revenues:			
Charges for services:			
Water sales		$ 4,399,004	
Sewer charges		3,549,058	
Water and sewer taps		186,920	
Total	8,698,877	8,134,983	(563,894)
Other operating revenues			
Other operating revenues		405,428	
Total other operating revenues	333,555	405,428	71,873
Total operating revenues	9,032,432	8,540,411	(492,021)
Nonoperating revenues			
Interest earnings		-	
Total nonoperating revenues	100	-	(100)
Total revenues	9,032,532	8,540,411	(492,121)
Expenditures:			
Administration:			
Salaries and employee benefits		328,669	
Supplies		11,311	
Insurance		2,120	
Maintenance		57,371	
Utilities		3,590	
Management fees		1,409,524	
Other operating expenditures		182,910	
Total	2,076,258	1,995,496	80,762
Water treatment and distribution:			
Water production and treatment plant:			
Salaries and employee benefits		425,801	
Chemicals		209,258	
Supplies		37,697	
Utilities		298,832	
Management fees		320,999	
Other operating expenditures		297,304	
Total	1,886,622	1,589,891	296,731

City of Laurinburg, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2025

	Budget	Actual	Variance Over (Under)
Water distribution:			
Salaries and employee benefits		564,252	
Supplies		188,408	
Other operating expenditures		265,278	
Total	1,204,385	1,017,938	186,447
Total water treatment and distribution	3,091,007	2,607,829	483,179
Waste collection and treatment:			
Sewage collection system:			
Salaries and employee benefits		487,447	
Supplies		65,057	
Other operating expenditures		54,096	
Total	771,810	606,601	165,209
Primary waste treatment:			
Salaries and employee benefits		551,795	
Chemicals		91,785	
Supplies		54,286	
Utilities		393,707	
Maintenance		152,884	
Other operating expenditures		303,094	
Total	1,903,740	1,547,551	356,190
Total waste collection and treatment:	2,675,550	2,154,152	521,398
Debt service:			
Interest and fees		59,474	
Principal retirement		499,333	
Total debt service	558,807	558,807	-
Capital outlay:			
Administration		46,715	
Waste production and treatment		38,163	
Waste distribution		410,156	
Primary waste treatment		201,966	
Total capital outlay	697,000	697,000	-
Total expenditures	9,098,622	8,013,282	1,085,340
Revenues over (under) expenditures carried forward	(66,090)	527,129	593,219

City of Laurinburg, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2025

	Budget	Actual	Variance Over (Under)
Revenues over (under) expenditures brought forward	(66,090)	527,129	593,219
Other financing sources (uses):			
Transfer to other fund:			
Capital project fund		(236,850)	
Total net transfers	(236,850)	(236,850)	-
Total other financing sources (uses)	(236,850)	(236,850)	-
Fund balance appropriated	302,940	-	(302,940)
Revenues and other sources over expenditures and other financing (uses)	$ -	290,279	$ 290,279

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

Reconciling items:	
Principal retirement	499,333
Inventory change	12,298
Bad debts	(29,010)
Capital outlay	697,000
Capital contributions	2,258,275
Transfer from capital project-capital contribution	236,850
Decrease in accrued vacation pay	7,736
Decrease in accrued sick pay	56,769
Depreciation	(1,754,621)
Change in accrued interest	(66,533)
Increase in deferred outflows of resources - pensions	(83,023)
Increase in deferred inflows of resources - pensions	(5,798)
Decrease in net pension liability	52,387
Decrease in deferred outflows of resources - OPEB	(15,958)
Decrease in deferred inflows of resources - OPEB	5,166
Decrease in OPEB liability	4,309
Total reconciling items	1,875,181
Change in net position	$ 2,165,459

City of Laurinburg, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2025

	Budget	Actual	Variance Over (Under)
Revenues:			
Operating revenues:			
Charges for services:			
Sales:			
Residential		$ 1,932,802	
Commercial and industrial		1,103,127	
Total	3,107,259	3,035,930	(71,329)
Other operating revenues:			
Other operating income		30,198	
Total other operating revenues	20,000	30,198	10,198
Total operating revenues	3,127,259	3,066,127	(61,132)
Nonoperating revenues:			
Gain on sale of assets		11,256	
Total nonoperating revenues	5,050	11,256	6,206
Total revenues	3,132,309	3,077,383	(54,926)
Expenditures			
Solid waste operations			
Salaries and employee benefits		1,341,532	
Contracted services		5,044	
Supplies		13,286	
Tipping fee		592,121	
Maintenance		381,757	
Utilities		7,246	
Management fees		99,277	
Other operating expenditures		45,221	
Total	2,882,470	2,485,484	396,986
Debt service:			
Interest expense		29,807	
Principal retirement		181,501	
Total	211,308	211,308	-

City of Laurinburg, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2025

	Budget	Actual	Variance Over (Under)
Capital outlay:			
Equipment	345,544	345,544	-
Total expenditures	3,439,322	3,042,336	396,986
Revenues over (under) expenditures	(307,013)	35,048	(271,965)
Fund balance appropriated	307,013	-	(307,013)
Revenues and other financing sources over expenditures and other financing sources	$ -	35,048	$ 35,048

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

Reconciling items:	
Principal retirement	181,501
Inventory change	(2,126)
Bad debts	954
Decrease in accrued vacation pay	4,811
Decrease in accrued sick pay	21,111
Depreciation	(419,850)
Capital outlay	345,544
Decrease in deferred outflows of resources - pensions	(101,322)
Decrease in net pension liability	100,350
Increase in deferred inflows of resources - pensions	(2,558)
Decrease in deferred outflows of resources - OPEB	(18,317)
Decrease in deferred inflows of resources - OPEB	8,788
Decrease in OPEB liability	26,665
Total reconciling items	145,551
Change in net position	$ 180,599

City of Laurinburg, North Carolina
Water Sewer Capital Project - Phase 1 and 2
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2025

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Over (Under)
Revenues:					
Restricted intergovernmental:					
State grants	$ 32,800,000	$ 1,081,321	$ 2,218,309	$ 3,299,630	$ (29,500,370)
Other grants	475,000	339,089	39,966	379,055	(95,945)
Total revenues	33,275,000	1,420,410	2,258,275	3,678,685	(29,596,315)
Expenditures - water sewer project:					
Administration	498,317	338,317	10,000	348,317	150,000
Construction	56,519,420	11,896,969	7,038,313	18,935,282	37,584,138
Engineering/design	7,952,600	2,909,856	1,275,961	4,185,817	3,766,783
Total expenditures	64,970,337	15,145,142	8,324,274	23,469,416	41,500,921
Other financing sources (uses):					
Loan-state revolving loan fund	26,616,000	11,877,548	14,238,452	26,116,000	(500,000)
Transfers from other funds					-
From Water Sewer Fund	5,079,337	1,421,117	236,850	1,657,967	(3,421,370)
Total other financing sources (uses)	31,695,337	13,298,665	14,475,302	27,773,967	(3,921,370)
Revenues and other sources over (under) expenditures (uses)	$ -	$ (426,067)	$ 8,409,303	$ 7,983,236	$ 7,983,236

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
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2025

Tax Year	Fiscal Year	Uncollected Beginning Balance July 1	Additions	Collections and Credits	Uncollected Ending Balance June 30
2024	2025	$ -	$ 3,542,798	$ 3,382,416	$ 160,382
2023	2024	150,312	3,220	69,480	84,052
2022	2023	70,736	-	27,967	42,769
2021	2022	42,595	-	10,988	31,607
2020	2021	38,531	170	7,966	30,735
2019	2020	37,087	-	7,690	29,397
2018	2019	39,888	-	6,969	32,919
2017	2018	28,063	-	5,743	22,320
2016	2017	28,161	-	5,530	22,631
2015	2016	26,664	-	4,245	22,419
2014	2015	20,342	-	20,342	-
		$ 482,379	$ 3,546,188	$ 3,549,336	$ 479,231

Less: Allowance for uncollectible accounts - General Fund	195,898
Ad valorem taxes receivable - net	$ 283,333

Reconciliation with revenues:

Ad valorem taxes - General Fund	$ 3,577,937
Reconciling items:	
Penalties and interest collected	(66,217)
Tax releases, written off & adjustments	35,290
Subtotal	(30,927)
Total collections and credits	$ 3,547,010

City of Laurinburg, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
June 30, 2025

	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	$ 863,950,305	0.40	$ 3,455,801	$ 2,998,056	$ 457,745
Discoveries - current and prior years	22,495,438	0.40	89,892	89,982	-
Abatements	(746,333)	0.40	(2,985)	(2,985)	-
Total property valuation	$ 885,699,410	0.40		3,085,053	457,745
Net levy			3,542,708	3,085,053	457,745
Uncollected taxes at June 30, 2025			160,381	160,381	-
Current year's taxes collected			$ 3,382,416	$ 2,924,672	$ 457,745
Current levy collection percentage			95.48%	94.80%	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, 2025, 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 December 30, 2025.

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.

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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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses/schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

City of Laurinburg Response to Findings

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

Purpose of this Report

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

Roche, Head + Associates, PLLC

ROCHE, HEAD & ASSOCIATES, PLLC
LAURINBURG, NC
December 30, 2025

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, 2025. 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, 2025.

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.

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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
December 30, 2025

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, 2025. 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, 2025.

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.

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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
December 30, 2025

City of Laurinburg, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2025

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
66.468	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, 2025

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: 2025-001 **Journal Entries**

SIGNIFICANT DEFICIENCY/INTERNAL CONTROL

Criteria:	Management should have a system in place to ensure that accounts are accurate and that all related journal entries are accurately posted.
Condition:	For fiscal year end June 30, 2025, various accounts required extended audit procedures and journal entries to bring to correct balances.
Effect:	Conditions necessitating the auditor to make journal entries to correct account balances can increase the risk that material misstatements could occur and remain undetected.
Cause:	Lack of accurate journal entries during year end audit preparation.
Recommendation:	Control activities should be strengthened to more accurately review the accounts, schedules and financial statements to ensure they are accurate before the 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.

City of Laurinburg, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2025

Section III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None were noted.

Section IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

None were noted.

The City of Laurinburg
Accounting Department
P.O. Box 249
Laurinburg, North Carolina 28352
Telephone – 910 291-1743 - Fax 910 277-3648

Corrective Action Plan
For the Year Ended June 30, 2025

Section II - FINANCIAL STATEMENT FINDINGS

Finding: 2025-001

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.

City of Laurinburg, North Carolina
Summary Schedule of Prior Year's Findings
For the Fiscal Year Ended June 30, 2025

Finding 2024-001

Status: See 2025-001

Finding 2024-002

Status: Corrected

City of Laurinburg, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2025

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures
Federal Grants:				
Cash Programs:				
U.S. Dept. of Justice				
Equitable Sharing Program	**16.922**		**19,460**	-
U.S. Dept. of Treasury				
Passed-through N.C. Department of Environmental Quality				
Covid 19-Pump Station Renovations	**21.027**	**SRP-W-ARP-0169**	**2,459,331**	-
Covid 19-Elevated Storage Tank	**21.027**	**SRP-D-ARP-0168**	**55,630**	-
Covid 19-McColl Road Water Line Replacement	**21.027**	**SRP-D-134-0027**	**219,237**	-
Covid 19-Raw Water Expansion	**21.027**	**SRP-D-134-0028**	**178,634**	-
Passed-through N.C. Department of Commerce				
Rural Downtown Transformation Grant Downtown Revitalization	**21.027**	**SLFRP0129**	**14,065**	-
Total U.S. Dept. of Treasury			**2,926,896**	
U.S. Environmental Protection Agency				
Passed-through N.C. Department of Environmental Quality				
Brownfields Multipurpose, Assessment, Revolving Funds, and Cleanup	**66.818**	**02D31322**	**151,085**	-
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**	**1,852,721**	-
Leith Creek WWTP Influent Pump Station	**66.458**	**CS370924-01**	**2,600,447**	-
Sanitation Sewer Rehab Phase 2	**66.458**	**CS370924-02**	**627,544**	-
Lead Service Line Inventory	**66.468**	**SRF-D-LSL-0073**	**148,757**	-
Total Environmental Protection Agency			**5,380,554**	-
Total assistance - federal programs			**8,326,911**	-
State Grants:				
Cash Assistance:				
N.C. Division of Water Infrastructure				
Leith Creek WWTP Renovations		**SRP-W-134-0050**	-	141,409
Powell Bill		**38570**	-	575,555
Golden Leaf Foundation		**FY2020-048**	-	284,395
Crestline Pump Station Rehab		**FY2022-070**	-	40,564
NC Office of State Budget and Management				
NC Regional Economic Development Reserve Grant		**Contract #10223**	-	142,809
N.C. Department of Environmental Quality:				
Community Waste Reduction and Recycling Grant Program		**7585**	-	-
Total assistance - State programs			-	**1,184,731**
Total assistance - Federal and State Awards			**$ 8,326,911**	**1,184,731**

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, 2025. 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, 2025 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2025 consist of:

Program Title	CFDA No.	Pass-through Grantor's Number	Amount Outstanding
Capitalization grants for Clean Water State Revolving Funds	66.458 & 66.468		$ 25,718,500