

**Statement of**  
**CITY OF LAURINBURG**  
**Laurinburg, North Carolina**  
**June 30, 2020**



**City of Laurinburg, North Carolina**  
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**June 30, 2020**

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## **FINANCIAL SECTION**



# Roche, Head & Associates, PLLC

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## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laurinburg, North Carolina as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Laurinburg's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Laurinburg, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary and Other Information***

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



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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2020, on our consideration of the City of Laurinburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Laurinburg's internal control over financial reporting and compliance.

*Roche, Head & Associates, PLLC*

ROCHE, HEAD & ASSOCIATES, PLLC

Laurinburg, North Carolina

November 30, 2020

## **Management's Discussion and Analysis**

As management of the City of Laurinburg, we offer readers of the City of Laurinburg's financial statements this narrative overview and analysis of the financial activities of the City of Laurinburg for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### **Financial Highlights**

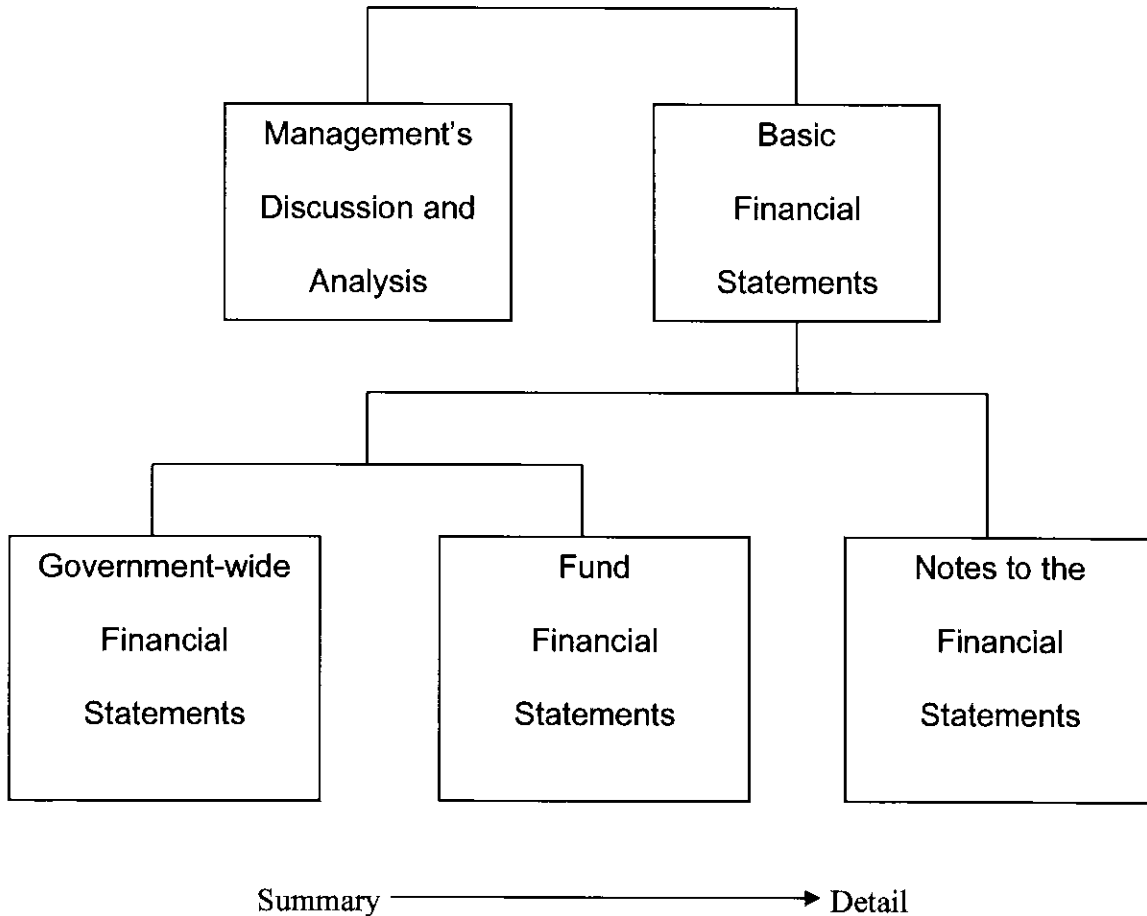
- The assets and the deferred outflows of the City of Laurinburg exceeded its liabilities and deferred inflows at the close of the fiscal year by \$55,737,267 (*net position*).
- The government's total net position increased by \$2,092,270 primarily due to a controlled budget.
- As of the close of the current fiscal year, the City of Laurinburg's governmental funds reported combined ending fund balances of \$3,204,651 a decrease of \$709,650. Approximately 33.53% of this total amount or \$1,074,370 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,496,970 or 17.99% of total general fund expenditures for the fiscal year.
- The City of Laurinburg's total debt decreased by \$868,502, 4.49% during the current fiscal year. The key factor in this is payments on installment debt.
- The City of Laurinburg maintained its Baa1 bond rating. The rating was published July 21, 2009.

### **Overview of the Financial Statements**

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

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

### **Government-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or

## Management's Discussion and Analysis City of Laurinburg, North Carolina

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

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

**Proprietary Funds** – City of Laurinburg has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Laurinburg uses enterprise funds to account for its water and sewer activity, its electric operations and solid waste operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

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

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

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Laurinburg's progress in funding its obligation to provide pension benefits to its employees. **Required supplementary information can be found beginning on page 54 of this report.**

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

**The City of Laurinburg's Net Position  
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 3,890,759	\$ 4,790,714	\$ 13,093,622	\$ 15,155,307	\$ 16,984,381	\$ 19,946,021
Capital assets	13,039,129	12,479,138	44,456,756	41,129,297	57,495,885	53,608,435
Deferred outflows of resources	<u>1,349,706</u>	<u>1,390,416</u>	<u>775,125</u>	<u>861,682</u>	<u>2,124,831</u>	<u>2,252,098</u>
Total assets and deferred outflows of resources	18,279,594	18,660,268	58,325,503	57,146,285	76,605,097	75,806,554
Long-term liabilities outstanding	9,477,569	9,476,900	7,320,075	8,192,422	16,797,644	17,669,322
Other liabilities	630,741	798,687	3,149,963	3,311,178	3,780,704	4,109,865
Deferred inflows of resources	<u>202,907</u>	<u>264,710</u>	<u>86,575</u>	<u>117,659</u>	<u>289,482</u>	<u>382,369</u>
Total liabilities and deferred inflows of resources	10,311,217	10,540,297	10,556,613	11,621,259	20,867,830	22,161,556
Net position:						
Net investment in capital assets	7,660,156	6,652,346	40,965,686	36,424,210	48,625,842	43,076,556
Restricted	556,979	973,612	-	-	556,979	973,612
Unrestricted	<u>(248,758)</u>	<u>494,013</u>	<u>6,803,204</u>	<u>9,100,816</u>	<u>6,554,446</u>	<u>9,594,829</u>
Total net position	<u>\$ 7,968,377</u>	<u>\$ 8,119,971</u>	<u>\$ 47,768,890</u>	<u>\$ 45,525,026</u>	<u>\$ 55,737,267</u>	<u>\$ 53,644,997</u>

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 \$55,737,267 as of June 30, 2020. The City's net position increased by \$2,092,270 for the fiscal year ended June 30, 2020. However, the largest portion 87.24% reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City of Laurinburg uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Laurinburg's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Laurinburg's net position 1% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,554,446 is unrestricted.

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

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

**City of Laurinburg Changes in Net Position**  
**Figure 3**

**CITY OF LAURINBURG'S CHANGES IN NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 202,007	\$ 210,130	\$ 24,297,167	\$ 24,688,814	\$ 24,499,174	\$ 24,898,944
Operating grants and contributions	451,732	456,912	1,442,322	1,194,939	1,894,054	1,651,851
Capital grants and contributions	-	-	50,469	805,280	50,469	805,280
General revenues:						
Property taxes	3,257,349	3,467,042	-	-	3,257,349	3,467,042
Other taxes	2,763,724	2,738,510	-	-	2,763,724	2,738,510
Other	796,788	784,885	720,141	885,837	1,516,929	1,670,722
Total revenues	<u>7,471,600</u>	<u>7,657,479</u>	<u>26,510,099</u>	<u>27,574,870</u>	<u>33,981,699</u>	<u>35,232,349</u>
Expenses:						
General government	643,925	492,912	-	-	643,925	492,912
Public safety	4,700,307	4,436,824	-	-	4,700,307	4,436,824
Public works	647,973	534,790	-	-	647,973	534,790
Transportation	688,585	687,200	-	-	688,585	687,200
Animal control	80,044	77,496	-	-	80,044	77,496
Cemetery	193,283	213,129	-	-	193,283	213,129
Community development	1,077,682	1,083,408	-	-	1,077,682	1,083,408
Electric	-	-	13,222,247	14,015,407	13,222,247	14,015,407
Water and sewer	-	-	6,658,460	6,401,129	6,658,460	6,401,129
Interest on long-term debt	144,797	157,134	157,008	185,875	301,805	343,009
Solid waste	-	-	2,492,288	2,733,992	2,492,288	2,733,992
Total expenses	<u>8,176,596</u>	<u>7,682,893</u>	<u>22,530,003</u>	<u>23,336,403</u>	<u>30,706,599</u>	<u>31,019,296</u>
Increase (decrease) in net position before transfers	(704,996)	(25,414)	3,980,096	4,238,467	3,275,100	4,213,053
Transfers	553,402	63,332	(553,402)	(63,332)	-	-
Extraordinary item: impairment loss	-	(36,798)	(1,182,830)	(252,863)	(1,182,830)	(289,661)
Increase (decrease) in net position	(151,594)	1,120	2,243,864	3,922,272	2,092,270	3,923,392
Beginning net position	<u>8,119,971</u>	<u>8,118,851</u>	<u>45,525,026</u>	<u>41,602,754</u>	<u>53,644,997</u>	<u>49,721,605</u>
Net position, June 30	<u>\$ 7,968,377</u>	<u>\$ 8,119,971</u>	<u>\$ 47,768,890</u>	<u>\$ 45,525,026</u>	<u>\$ 55,737,267</u>	<u>\$ 53,644,997</u>

Management's Discussion and Analysis  
City of Laurinburg, North Carolina

**Governmental activities.** Governmental activities decreased the City's governmental net position by \$151,594. The decrease in net position was the result of general operations and OPEB and pension accruals.

**Business-type activities:** Business-type activities increased the City of Laurinburg's net position by \$2,243,864. The key element of this increase is as follows:

- Continued efficiency in the Enterprise Funds.

**Financial Analysis of the City's Funds**

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

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

The general fund is the chief operating fund of the City of Laurinburg. At the end of the current fiscal year, fund balance available in the General Fund was \$2,039,385, while total fund balance reached \$2,613,415. The governing body of the City of Laurinburg strives to keep the available fund balance at a level of 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the City. The City currently has an available fund balance of 24.45% of general fund expenditures, while total fund balance represents 31.40% of the same amount.

At June 30, 2020, the governmental funds of City of Laurinburg reported a combined fund balance of \$3,204,651 with a net decrease in fund balance of \$709,650. Included in this change in fund balance is a decrease in fund balance in the General Fund.

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



Management's Discussion and Analysis  
City of Laurinburg, North Carolina

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

**Proprietary Funds.** The City of Laurinburg's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$5,661,614 and those for the Electric Fund amounted to \$1,048,958, and those for the Solid Waste Fund amounted to \$92,632. 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, 2020 totals \$48,625,842 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, and vehicles.

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

- Construction of Sewer and Water Mains \$1,732,197.
- Construction of City Hall \$407,964.
- Equipment \$268,595.
- Vehicles \$1,080,730.
- Other Infrastructure \$1,764,356.

**City of Laurinburg Changes in Net Position**  
**Figure 4**

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 340,185	\$ 280,014	\$ 561,661	\$ 379,298	\$ 901,846	\$ 659,312
Construction in progress	-	215,521	4,955,876	1,623,465	4,955,876	1,838,986
Buildings and system	9,123,725	9,332,508	36,277,614	35,812,165	45,401,339	45,144,673
Improvements other than buildings	2,353,115	1,062,703	-	-	2,353,115	1,062,703
Machinery and equipment	132,625	319,914	625,971	1,869,617	758,596	2,189,531
Infrastructure	365,714	365,714	-	-	365,714	365,714
Vehicles and motorized equipment	<u>723,765</u>	<u>902,764</u>	<u>2,035,635</u>	<u>1,444,752</u>	<u>2,759,400</u>	<u>2,347,516</u>
	<u>\$ 13,039,129</u>	<u>\$ 12,479,138</u>	<u>\$ 44,456,757</u>	<u>\$ 41,129,297</u>	<u>\$ 57,495,886</u>	<u>\$ 53,608,435</u>

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

**The City of Laurinburg's Outstanding Debt**  
**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Installment debt	\$ 5,378,973	\$ 5,826,792	\$ 6,138,739	\$ 7,268,549	\$ 11,517,712	\$ 13,095,341
OPEB	1,246,304	1,187,068	866,731	824,912	2,113,035	2,011,980
Pension liability (LGERS)	1,784,292	1,530,132	1,239,931	1,063,312	3,024,223	2,593,444
Pension related debt (LEO)	1,268,194	1,101,967	-	-	1,268,194	1,101,967
Compensated absences	<u>355,012</u>	<u>348,450</u>	<u>210,001</u>	<u>205,497</u>	<u>565,013</u>	<u>553,947</u>
Total	<u>\$ 10,032,775</u>	<u>\$ 9,994,409</u>	<u>\$ 8,455,402</u>	<u>\$ 9,362,270</u>	<u>\$ 18,488,177</u>	<u>\$ 19,356,679</u>

### **City of Laurinburg's Outstanding Debt**

The City of Laurinburg's total debt decreased by \$868,502, 4.49% during the past fiscal year. Primarily due to payments on notes payable.

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

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Laurinburg is \$66,183,745.

Additional information regarding the City's long-term debt can be found in Note 5-a beginning on Page 49 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The City of Laurinburg continues to show a strong commitment to economic development by continuing to fund in FY 21 the County for the Scotland County Economic Development Corporation and the Laurinburg/Scotland County Area Chamber of Commerce.

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

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

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

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

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

The events of COVID-19 impacted the City of Laurinburg's economy. With guidance from the Governor's Executive Order, the support from the State of North Carolina and our citizens we are certain our recovery from this event will have minimal impact to the City.

**Budget Highlights for the Fiscal Year Ending June 30, 2021**

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

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

**Request for Information**

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

## **Basic Financial Statements**

City of Laurinburg, North Carolina  
Statement of Net Position  
June 30, 2020

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,686,186	\$ 7,823,919	\$ 10,510,105
Receivables (net)	574,659	2,431,673	3,006,332
Due from other governments	534,668	425,976	960,644
Notes receivable	1,606	-	1,606
Inventories	25,995	1,470,946	1,496,941
Prepaid items	13,367	49,493	62,860
Restricted cash	47,052	891,615	938,667
Total current assets	<u>3,883,533</u>	<u>13,093,622</u>	<u>16,977,155</u>
Non-current assets:			
Notes receivable	7,226	-	7,226
Capital assets:			
Land, non-depreciable improvements, and construction in progress	340,185	5,517,537	5,857,722
Other capital assets, net of depreciation	<u>12,698,944</u>	<u>38,939,219</u>	<u>51,638,163</u>
Total capital assets	<u>13,039,129</u>	<u>44,456,756</u>	<u>57,495,885</u>
Total assets	<u>\$ 16,929,888</u>	<u>\$ 57,550,378</u>	<u>\$ 74,480,266</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals - LGRS	1,020,165	708,928	1,729,093
Pension deferrals - LEO	234,283	-	234,283
OPEB deferrals	95,258	66,197	161,455
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 75,535	\$ 1,123,020	\$ 1,198,555
Current portion of long-term liabilities	555,206	1,135,328	1,690,534
Customer deposits	-	891,615	891,615
Total current liabilities	<u>630,741</u>	<u>3,149,963</u>	<u>3,780,704</u>
Long-term liabilities:			
Due in more than one year	<u>9,477,569</u>	<u>7,320,075</u>	<u>16,797,644</u>
Total liabilities	<u>10,108,310</u>	<u>10,470,038</u>	<u>20,578,348</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	3,023	-	3,023
Prepaid FEMA funds	24,741	-	24,741
Pension deferrals	109,933	41,259	151,192
OPEB deferrals	<u>65,210</u>	<u>45,316</u>	<u>110,526</u>
Total deferred inflows of resources	<u>202,907</u>	<u>86,575</u>	<u>289,482</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,660,156	40,965,686	48,625,842
Restricted for:			
Downtown revitalization	13,316	-	13,316
Stabilization by state statute	534,668	-	534,668
City hall project	8,995	-	8,995
Unrestricted	<u>(248,758)</u>	<u>6,803,204</u>	<u>6,554,446</u>
Total net position	<u>\$ 7,968,377</u>	<u>\$ 47,768,890</u>	<u>\$ 55,737,267</u>

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, 2020

Functions/programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 643,925	\$ 13,378	\$ -	\$ -	\$ (630,547)	\$ -	\$ (630,547)
Public safety	4,700,307	103,729	-	-	(4,596,578)	-	(4,596,578)
Public works	647,973	-	-	-	(647,973)	-	(647,973)
Transportation	688,585	-	446,671	-	(241,914)	-	(241,914)
Animal control	80,044	-	-	-	(80,044)	-	(80,044)
Cemetery	193,283	75,302	-	-	(117,981)	-	(117,981)
Community development	1,077,682	9,598	5,061	-	(1,063,023)	-	(1,063,023)
Interest on long-term debt	144,797	-	-	-	(144,797)	-	(144,797)
Total governmental activities	8,176,596	202,007	451,732	-	(7,522,857)	-	(7,522,857)
Business-type activities:							
Electric	13,261,245	14,395,545	5,000	-	-	1,139,300	1,139,300
Water and sewer	6,772,009	7,454,929	1,401,324	50,469	-	2,134,713	2,134,713
Solid waste	2,496,749	2,446,693	35,998	-	-	(14,058)	(14,058)
Total business-type activities	22,530,003	24,297,167	1,442,322	50,469	-	3,259,955	3,259,955
Total primary government	\$ 30,706,599	\$ 24,499,174	\$ 1,894,054	\$ 50,469	\$ (7,522,857)	\$ 3,259,955	\$ (4,262,902)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					3,257,349	-	3,257,349
Other taxes					2,763,724	-	2,763,724
Unrestricted investment earnings					20,568	155,068	175,636
Miscellaneous					776,220	565,073	1,341,293
Extraordinary item: Impairment loss					-	(1,182,830)	(1,182,830)
Total general revenues not including transfers					6,817,861	(462,689)	6,355,172
Transfers					553,402	(553,402)	-
Total general revenues and transfers					7,371,263	(1,016,091)	6,355,172
Change in net position					(151,594)	2,243,864	2,092,270
Net position beginning					8,119,971	45,525,026	53,644,997
Net position ending					\$ 7,968,377	\$ 47,768,890	\$ 55,737,267

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

City of Laurinburg, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2020

**ASSETS**

## Current assets:

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General	City Hall Project Fund		
Cash and cash equivalents	\$ 2,117,261	\$ -	\$ 568,925	\$ 2,686,186
Restricted cash	24,741	8,995	13,316	47,052
Taxes receivable (net)	574,659	-	-	574,659
Prepaid expenses	13,367	-	-	13,367
Due from other governments	534,668	-	-	534,668
Inventories	25,995	-	-	25,995
Total assets	3,290,691	8,995	582,241	3,881,927

**LIABILITIES**

## Liabilities

## Current liabilities:

Accounts payable and accrued liabilities	74,853	-	-	74,853
Total liabilities	74,853	-	-	74,853

**DEFERRED INFLOWS OF RESOURCES**

Property taxes receivable	574,659	-	-	574,659
Prepaid FEMA funds	24,741	-	-	24,741
Prepaid taxes	3,023	-	-	3,023
Total deferred inflows of resources	602,423	-	-	602,423

## Fund balances

**Non spendable:**

Inventories	25,995	-	-	25,995
Prepaid expenses	13,367	-	-	13,367
Perpetual maintenance	-	-	478,029	478,029

**Restricted:**

Stabilization by state statute	534,668	-	-	534,668
City hall construction	-	8,995	-	8,995
Downtown revitalization	-	-	13,316	13,316

**Assigned**

Future bond debt	542,415	-	-	542,415
Downtown revitalization	-	-	90,896	90,896
Unassigned	1,496,970	-	-	1,496,970
Total fund balances	2,613,415	8,995	582,241	3,204,651

Total liabilities, deferred inflows of  
resources and fund balances

\$ 3,290,691      \$ 8,995      \$ 582,241

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

Total Fund Balance, Governmental Funds \$ 3,204,651

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

Gross capital assets at historical cost  
Accumulated depreciation

20,303,130  
(7,264,003) 13,039,127

Deferred outflows of resources related to pensions are not reported in the funds - LGRS  
- LEO

1,020,165  
234,283 1,254,448

Deferred outflows of resources related to OPEB are not reported in the funds

95,258

Liabilities for earned revenues considered deferred inflows of resources  
in fund statements.

Deferred taxes

574,113

Notes receivable at net realizable value

8,698

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

Gross long-term debt-financing agreements (5,378,973)  
Other post employment benefits (1,246,304)  
Other retirement liabilities for LEO (1,268,194)  
Compensated absences (355,012)  
Net pension liability-LGERS (1,784,292) (10,032,775)

Deferred inflows of resources related to pensions are not reported in the funds - LGRS

(64,534)

Deferred inflows of resources related to pensions are not reported in the funds - LEO

(45,399)

Deferred inflows of resources related to OPEB are not reported in the funds

(65,210)

Net position of governmental activities

\$ 7,968,377

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, 2020

	Major Funds		Total Non-Major Funds	Total Governmental Funds
	General Fund	City Hall Project Fund		
<b>REVENUES</b>				
Ad valorem taxes	\$ 3,276,000	\$ -	\$ 18,501	\$ 3,294,501
Other taxes and licenses	1,228,477	-	-	1,228,477
Unrestricted intergovernmental	1,535,247	-	-	1,535,247
Restricted intergovernmental	451,847	-	-	451,847
Permits and fees	13,378	-	-	13,378
Sales and services	179,031	-	22,976	202,007
Investment earnings	16,331	27	4,210	20,568
Miscellaneous	772,124	-	-	772,124
Total revenues	7,472,435	27	45,687	7,518,149
<b>EXPENDITURES</b>				
Current:				
General government	577,811	-	-	577,811
Community development	1,663,581	407,964	41,806	2,113,351
Public safety	4,013,707	-	-	4,013,707
Transportation	750,963	-	-	750,963
Public works	478,193	-	-	478,193
Animal control	76,342	-	-	76,342
Cemetery	169,387	-	-	169,387
Debt service:				
Principal payments	447,819	-	-	447,819
Interest and other charges	144,797	-	-	144,797
Total expenditures	8,322,600	407,964	41,806	8,772,370
Excess of revenues over (under) expenditures	(850,165)	(407,937)	3,881	(1,254,221)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	553,403	-	20,000	573,403
Transfers to other funds	(20,000)	-	-	(20,000)
Financing note issued (notes receivable)	(11,000)	-	-	(11,000)
Proceeds from collections of notes receivable	2,168	-	-	2,168
Total other financing sources	524,571	-	20,000	544,571
Net change in fund balance	(325,594)	(407,937)	23,881	(709,650)
Fund balances-beginning	2,939,009	416,932	558,360	3,914,301
Fund balances-ending	\$ 2,613,415	\$ 8,995	\$ 582,241	\$ 3,204,651

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, 2020

Amounts reported for governmental activities in the Statement of

Activities are different because:

Net changes in fund balances - total governmental funds \$ (709,650)

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	1,340,160	
Depreciation expense for governmental assets	(766,783)	
Difference in gain or loss on sale of assets	<u>(13,386)</u>	559,991.00

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		392,939
--	--	---------

Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities		59,355
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OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		91,381
--	--	--------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Amount of donated assets		
Change in unavailable revenue for tax revenues		7,831

Issuance of notes receivable	11,000	
Payments of notes receivable	<u>(2,302)</u>	8,698

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position.

This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt		447,819
--------------------------------------	--	---------

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	(6,562)	
Pension expense (LGERS)	(778,744)	
Pension expense (LEO)	(128,804)	
OPEB plan expense	<u>(95,848)</u>	(1,009,958)

Total changes in net position of governmental activities		<u>\$ (151,594)</u>
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The notes to the financial statements are an integral part of this statement.

City of Laurinburg, North Carolina  
 General Fund and Annually Budgeted Major Capital Project Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2020

	General Fund				City Hall Project Fund			
	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
Ad valorem taxes	\$ 3,289,190	\$ 3,289,190	\$ 3,276,000	\$ (13,190)	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	1,437,900	1,437,900	1,228,477	(209,423)	-	-	-	-
Unrestricted intergovernmental	1,565,000	1,565,000	1,535,247	(29,753)	-	-	-	-
Restricted intergovernmental	485,000	485,000	451,847	(33,153)	-	-	-	-
Permits and fees	9,100	9,100	13,378	4,278	-	-	-	-
Sales and services	168,500	168,500	179,031	10,531	-	-	-	-
Investment earnings	5,500	5,500	16,331	10,831	-	-	27	27
Miscellaneous	375,454	463,861	772,124	308,263	-	-	-	-
Total revenues	7,335,644	7,424,051	7,472,435	48,384	-	-	27	27
EXPENDITURES								
General government	863,711	703,461	577,811	125,650	-	-	-	-
Community development	1,490,773	1,782,023	1,663,581	118,442	9,055,655	9,055,665	407,964	8,647,701
Public safety	4,381,633	4,381,133	4,013,707	367,426	-	-	-	-
Transportation	885,324	885,324	750,963	134,361	-	-	-	-
Public works	615,909	615,909	478,193	137,716	-	-	-	-
Animal control	83,634	83,634	76,342	7,292	-	-	-	-
Cemetery	200,684	200,684	169,387	31,297	-	-	-	-
Debt service:								
Principal retirement	447,819	447,819	447,819	-	-	-	-	-
Interest and other charges	144,797	144,797	144,797	-	-	-	-	-
Total expenditures	9,114,284	9,244,784	8,322,601	922,184	9,055,655	9,055,665	407,964	8,647,701
Excess (deficiency) of revenues over expenditures	(1,778,640)	(1,820,733)	(850,165)	970,568	9,055,655	9,055,665	(407,937)	8,647,728
OTHER FINANCING SOURCES (USES)								
Transfers from other funds	553,403	553,403	553,403	-	9,165,000	9,165,000	-	(9,165,000)
Transfers to other funds	(20,000)	(20,000)	(20,000)	-	(109,335)	(109,335)	-	109,335
Financing note issued (notes receivable)	-	(11,000)	(11,000)	-	-	-	-	-
Proceeds from collections of notes receivable	-	2,168	2,168	-	-	-	-	-
Total other financing sources (uses)	533,403	524,571	524,571	-	-	9,055,665	-	(9,055,665)
Appropriated fund balance	1,245,238	1,296,163	-	(1,296,163)	-	-	-	-
Net change in fund balance	\$ -	\$ -	(325,594)	\$ (325,595)	\$ -	\$ -	(407,937)	\$ (407,937)
Fund balances-beginning of year			2,939,009				416,932	
Fund balances-end of year			\$ 2,613,415				\$ 8,995	

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, 2020

	Major Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	June 30, 2020
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 992,144	\$ 6,563,864	\$ 267,911	\$ 7,823,919
Accounts receivable (net)	1,361,171	806,481	264,021	2,431,673
Due from other governments	46,612	244,693	134,671	425,976
Inventories	1,322,017	133,966	14,963	1,470,946
Prepaid items	49,493	-	-	49,493
Restricted cash and equivalents	736,892	154,723	-	891,615
Total current assets	<u>4,508,329</u>	<u>7,903,727</u>	<u>681,566</u>	<u>13,093,622</u>
Land and construction in progress	2,822,249	2,695,288	-	5,517,537
Other capital assets net of depreciation	<u>6,488,074</u>	<u>31,311,170</u>	<u>1,139,975</u>	<u>38,939,219</u>
Capital assets				
Total noncurrent assets	<u>9,310,323</u>	<u>34,006,458</u>	<u>1,139,975</u>	<u>44,456,756</u>
Total assets	<u>\$ 13,818,652</u>	<u>\$ 41,910,185</u>	<u>\$ 1,821,541</u>	<u>\$ 57,550,378</u>
<b>Deferred Outflows of Resources</b>				
Pension deferrals	\$ 172,909	\$ 311,237	\$ 224,782	\$ 708,928
OPEB	16,146	29,062	20,989	66,197
<b>Liabilities and fund equities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	996,019	66,668	60,333	1,123,020
Compensated absences-current	16,868	22,012	24,120	63,000
Installment financing notes payable	159,945	873,721	38,662	1,072,328
Liabilities payable from restricted assets:				
Customer deposits	<u>736,892</u>	<u>154,723</u>	<u>-</u>	<u>891,615</u>
Total current liabilities	<u>1,909,724</u>	<u>1,117,124</u>	<u>123,115</u>	<u>3,149,963</u>
Non-current liabilities:				
Compensated absences payable	39,360	51,361	56,281	147,002
Net pension liability	302,422	544,360	393,149	1,239,931
Total OPEB liability	211,398	380,516	274,817	866,731
Installment financing notes payable	<u>1,396,335</u>	<u>3,537,668</u>	<u>132,408</u>	<u>5,066,411</u>
Total non-current liabilities	<u>1,949,515</u>	<u>4,513,905</u>	<u>856,655</u>	<u>7,320,075</u>
Total liabilities	<u>3,859,239</u>	<u>5,631,029</u>	<u>979,770</u>	<u>10,470,038</u>
<b>Deferred Inflows of Resources</b>				
Pension deferrals	10,579	19,043	11,637	41,259
OPEB deferrals	11,053	19,895	14,368	45,316
<b>Net position</b>				
Net investment in capital assets	9,077,878	30,918,903	968,905	40,965,686
Unrestricted	<u>1,048,958</u>	<u>5,661,614</u>	<u>92,632</u>	<u>6,803,204</u>
Total net position	<u>\$ 10,126,836</u>	<u>\$ 36,580,517</u>	<u>\$ 1,061,537</u>	<u>\$ 47,768,890</u>

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

City of Laurinburg, North Carolina  
 Proprietary Funds  
 Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Changes in Fund Net Position  
 For the Fiscal Year Ended June 30, 2020

	Major Enterprise Funds			June 30,
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	2020
Operating revenues:				
Charges for services	\$ 14,117,501	\$ 7,383,162	\$ 2,446,693	\$ 23,947,356
Water and sewer taps	-	71,767	-	71,767
Fiber optic rental	278,044	-	-	278,044
Hurricane recovery	-	204,847	35,998	240,845
Other operating revenues	227,755	314,234	20,878	562,867
Total operating revenues	<u>14,623,300</u>	<u>7,974,010</u>	<u>2,503,569</u>	<u>25,100,879</u>
Operating expenses:				
Administration	424,347	1,634,850	-	2,059,197
Solid waste operations	-	-	2,254,055	2,254,055
Finance	468,794	-	-	468,794
Electric operations	1,213,286	-	-	1,213,286
Electric power purchases	10,662,668	-	-	10,662,668
Water and sewer treatment and distribution	-	1,830,465	-	1,830,465
Waste collection and treatment	-	1,708,175	-	1,708,175
Depreciation	453,152	1,484,970	238,233	2,176,355
Total operating expenses	<u>13,222,247</u>	<u>6,658,460</u>	<u>2,492,288</u>	<u>22,372,995</u>
Operating income	<u>1,401,053</u>	<u>1,315,550</u>	<u>11,281</u>	<u>2,727,884</u>
Nonoperating revenues (expenses):				
Investment earnings	151,608	3,268	192	155,068
Gain (loss) on sale of fixed assets	(15,549)	16,160	1,595	2,206
State grants	5,000	50,469	-	55,469
Interest and fees	(38,998)	(113,549)	(4,461)	(157,008)
Total nonoperating revenues (expenses)	<u>102,061</u>	<u>(43,652)</u>	<u>(2,674)</u>	<u>55,735</u>
Income before contributions and transfers	1,503,114	1,271,898	8,607	2,783,619
Capital contributions	1,975,001	1,196,477	-	3,171,478
Extraordinary item: Impairment loss	-	(1,182,830)	-	(1,182,830)
Transfers to other funds	<u>(2,528,403)</u>	<u>-</u>	<u>-</u>	<u>(2,528,403)</u>
Change in net position	949,712	1,285,545	8,607	2,243,864
Total net position-beginning	<u>9,177,124</u>	<u>35,294,972</u>	<u>1,052,930</u>	<u>45,525,026</u>
Total net position-ending	<u>\$ 10,126,836</u>	<u>\$ 36,580,517</u>	<u>\$ 1,061,537</u>	<u>\$ 47,768,890</u>

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

City of Laurinburg, North Carolina  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2020

	Business-type Activities Enterprise Funds			Totals
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 14,260,923	\$ 7,157,813	\$ 2,374,638	\$ 23,793,374
Cash paid for goods and services	(11,883,642)	(3,312,893)	(1,255,516)	(16,452,051)
Cash paid to or on behalf of employees for services	(983,049)	(1,722,670)	(1,214,983)	(3,920,702)
Customer deposits received	168,052	19,123	-	187,175
Customer deposits returned	(126,239)	(20,626)	-	(146,865)
Other operating revenues	227,755	369,641	701,406	1,298,802
Net cash provided by operating activities	1,663,800	2,490,388	605,545	4,759,733
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Increase (decrease) in due from other funds	-	124,313	(124,313)	-
Transfers from other funds	1,975,001	-	-	1,975,001
Transfers (to) other funds	(2,528,403)	-	-	(2,528,403)
Total cash flows provided by (used in) noncapital financing activities	(553,402)	124,313	(124,313)	(553,402)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(3,693,308)	(2,791,423)	(173,244)	(6,657,975)
Interest paid on bond and installment financing contracts	(38,998)	(113,549)	(4,461)	(157,008)
Principal paid on bond and installment financing contracts	(159,945)	(873,720)	(38,332)	(1,071,997)
Cash received from sale of assets	750	16,160	1,595	18,505
Capital contributions-State grant	-	1,196,477	-	1,196,477
Net cash (used in) capital and related financing activities	(3,891,501)	(2,566,055)	(214,442)	(6,671,998)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	151,608	3,268	192	155,068
Net increase (decrease) in cash and cash equivalents	(2,629,495)	51,914	266,982	(2,310,599)
Balances - beginning of the year	4,358,531	6,666,673	929	11,026,133
Balances - end of the year	\$ 1,729,036	\$ 6,718,587	\$ 267,911	\$ 8,715,534

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, 2020

	Business-type Activities Enterprise Funds			Totals
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 1,401,053	\$ 1,315,550	\$ 11,281	\$ 2,727,884
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	453,152	1,484,970	238,233	2,176,355
Changes in assets, deferred outflows of resources, and liabilities:				
(Increase) in accounts receivable	(138,121)	(317,807)	(74,047)	(529,975)
Increase in allowance for doubtful accounts	3,499	20,691	1,987	26,177
(Increase) decrease in due to from other governments	186,903	(76,779)	333,002	443,126
(Increase) decrease in inventory	(238,181)	3,951	(273)	(234,503)
Decrease in prepaid items	3,507	573	-	4,080
Decrease in deferred outflows of resources-pensions	28,570	51,424	37,140	117,134
(Increase) in deferred outflows of resources-OPEB	(7,458)	(13,424)	(9,695)	(30,577)
Increase in net pension liability	43,078	77,540	56,001	176,619
(Decrease) in deferred inflows of resources-pensions	(6,052)	(10,892)	(6,657)	(23,601)
(Decrease) in deferred inflows of resources-OPEB	(1,825)	(3,285)	(2,373)	(7,483)
Increase (decrease) in accounts payable and accrued liabilities	(111,242)	(53,755)	8,492	(156,505)
Increase (decrease) in customer deposits	41,813	(1,503)	-	40,310
Increase (decrease) in accrued vacation pay	(5,096)	(5,226)	14,827	4,505
Increase (decrease) in OPEB liability	10,200	18,360	(2,373)	26,187
Total adjustment	262,747	1,174,838	594,264	2,031,849
Net cash provided by operating activities	\$ 1,663,800	\$ 2,490,388	\$ 605,545	\$ 4,759,733

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

City of Laurinburg, North Carolina  
Statement of Agency Fund Net Position  
Agency Fund  
For the Year Ended June 30, 2020

Agency  
Fund

**Assets**

Cash and cash equivalents \$111,527

**Liabilities**

Intergovernmental payable 111,527

Total liabilities \$111,527

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



**City of Laurinburg, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The City of Laurinburg is a municipal corporation that is governed by an elected mayor and a five-member council. The City had no component units at June 30, 2020.

**B. Basis of Presentation**

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

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

*Fund Financial Statements* : The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The City reports the following major governmental funds:

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

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

The City reports the following non-major governmental funds:

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

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

The City reports the following major enterprise funds:

**Electric Fund.** This fund is used to account for the City's electric fund operations.

**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 CDBG Fund.** Used to account for a Wastewater capital project.

**Water Sewer Phase Project-Phase I.** Used to account for a Water Project.

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

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

The City reports the following fund types:

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

#### C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Laurinburg because the tax is levied by Scotland County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

#### D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Perpetual Care Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Grant Projects Special Revenue Fund, the Capital Projects Fund, and the Enterprise Fund Capital Projects Funds, which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary.

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

The Cemetery Permanent Fund is not required to be budgeted.

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

### 1. Deposits and Investments

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

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

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is valued at fair value. The NCCMT Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

### 2. Cash and Cash Equivalents

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

### 3. Restricted Assets

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

#### City of Laurinburg Restricted Cash

##### Governmental Activities

General Fund - advance FEMA	24,741
Downtown revitalization	13,316
City hall project	8,995
Total governmental activities	<u>47,052</u>

##### Business-Type Activities

Electric fund customer deposits	736,892
Water & sewer fund customer deposits	154,723
Total business-type activities	<u>891,615</u>
Total restricted cash	<u><u>938,667</u></u>

#### 4. Ad Valorem Taxes Receivable

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

#### 5. Allowances for Doubtful Accounts

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

#### 6. Inventory and Prepaid Items

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

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

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

#### 7. Capital Assets

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

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

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

## 8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has one item that meets this criteria, which is pension deferrals made in the 2020 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

## 9. Long-Term Obligations

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

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

## 10. Compensated Absences

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

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

## 11. Net Position/Fund Balances

### Net Position

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

### Fund Balances

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

The government fund types classify fund balances as follows:

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

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

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

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

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

**Assigned Fund Balance** - portion of fund balance that City of Laurinburg intends to use for specific purposes.

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

**Unassigned Fund Balance** - the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

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

### 12. Defined Benefit Cost-Sharing Plans

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

## II. Stewardship, Compliance and Accountability

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

#### 1. Noncompliance with North Carolina General Statutes

None were noted.

## III. Detail Notes on All Funds

### A. Assets

#### 1. Deposits

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

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

At June 30, 2020, the City's deposits had a carrying amount of \$582,441 and a bank balance of \$1,373,645. Of the bank balance, \$552,763 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the City's petty cash fund totaled \$1,700.

#### 2. Investments

At June 30, 2020, the City of Laurinburg had \$10,976,158 invested with the North Carolina Capital Management Trust's cash portfolio which carried a credit rating of AAAm by Standard and Poors. The City has no policy regarding credit risk.

Valuation measurement method - Fair Value Level 1

Book value at 06/30/2020 - \$10,976,158

Maturity - N/A



### 3. Receivables - Allowances for Doubtful Accounts

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

Fund	06/30/20
General Fund:	
Taxes receivable	\$ 189,741
Enterprise Funds	69,688
Total	<u>\$ 259,429</u>

### 4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>General Fund</b>				
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 215,521	\$ 407,964	\$ 623,485	\$ -
Land	280,014	60,171	-	340,185
Total capital assets not being depreciated	<u>495,535</u>	<u>468,135</u>	<u>623,485</u>	<u>340,185</u>
Capital assets being depreciated:				
Buildings	10,447,992	-	-	10,447,992
Other improvements	1,418,300	1,413,549	15,776	2,816,073
Equipment	1,865,743	73,961	47,408	1,892,296
Vehicles and motorized equipment	3,768,024	8,000	18,100	3,757,924
Infrastructure	1,048,660	-	-	1,048,660
Total capital assets being depreciated	<u>18,548,719</u>	<u>1,495,510</u>	<u>81,284</u>	<u>19,962,945</u>
Less accumulated depreciation for:				
Buildings	1,115,484	208,783	-	1,324,267
Other improvements	355,597	174,604	67,243	462,958
Equipment	1,545,829	213,842	-	1,759,671
Vehicles and motorized equipment	2,865,260	169,554	655	3,034,159
Infrastructure	682,946	-	-	682,946
Total accumulated depreciation	<u>6,565,116</u>	<u>766,783</u>	<u>67,898</u>	<u>7,264,001</u>
Total capital assets being depreciated, net	<u>\$11,983,603</u>			<u>\$ 12,698,944</u>
Governmental activity capital assets, net	<u>\$12,479,138</u>			<u>\$ 13,039,129</u>

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

General government	\$ 76,678
Public safety	421,731
Transportation	115,017
Public works	130,353
Cemetery	23,004
Total depreciation expense	<u>\$ 766,783</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<i>Electric Fund</i>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 87,367	\$ -	\$ -	\$ 87,367
Construction in progress	67,110	2,667,772	-	2,734,882
Total capital assets not being depreciated	154,477	2,667,772	-	2,822,249
<b>Capital assets being depreciated:</b>				
Substations, lines, and related equipment	14,274,813	756,434	-	15,031,247
Furniture and maintenance equipment	1,061,723	81,268	178,628	964,363
Vehicles	974,240	187,834	94,233	1,067,841
Total capital assets being depreciated	16,310,776	1,025,536	272,861	17,063,451
<b>Less accumulated depreciation for:</b>				
Substations, lines, and related equipment	9,181,895	293,194	246,482	9,228,607
Furniture and maintenance equipment	535,750	99,456	4,576	630,630
Vehicles	655,638	60,502	-	716,140
Total accumulated depreciation	10,373,283	453,152	251,058	10,575,377
Total capital assets being depreciated, net	5,937,493			6,488,074
<b>Electric fund capital assets, net</b>	<b>6,091,970</b>			<b>9,310,323</b>
<i>Water and Sewer Fund</i>				
<b>Capital assets not being depreciated:</b>				
Land	474,294	-	-	474,294
Construction in progress	1,116,283	1,732,197	627,486	2,220,994
Total capital assets not being depreciated	1,590,577	1,732,197	627,486	2,695,288
<b>Capital assets being depreciated:</b>				
Plant and distribution systems	60,863,050	991,734	8,024,591	53,830,193
Furniture and maintenance equipment	2,816,858	113,366	64,167	2,866,057
Vehicles	1,857,616	727,840	-	2,585,456
Total capital assets being depreciated	65,537,524	1,832,940	8,088,758	59,281,706
<b>Less accumulated depreciation for:</b>				
Plant and distribution systems	29,912,616	1,236,094	6,745,118	24,403,592
Furniture and maintenance equipment	2,195,117	101,784	39,295	2,257,606
Vehicles	1,188,002	121,336	-	1,309,338
Total accumulated depreciation	33,295,735	1,459,214	6,784,413	27,970,536
Total capital assets being depreciated, net	32,241,789			31,311,170
<b>Water and Sewer fund capital assets, net</b>	<b>33,832,366</b>			<b>34,006,458</b>
<i>Solid Waste Fund</i>				
<b>Capital assets being depreciated:</b>				
Plant and distribution systems	171,328	16,188	-	187,516
Furniture and maintenance equipment	852,596	-	-	852,596
Vehicles	2,929,525	157,056	328,519	2,758,062
Total capital assets being depreciated	3,953,449	173,244	328,519	3,798,174
<b>Less accumulated depreciation for:</b>				
Plant and distribution systems	144,806	7,123	-	151,929
Furniture and maintenance equipment	130,693	25,330	-	156,023
Vehicles	2,472,985	205,780	328,519	2,350,246
Total accumulated depreciation	2,748,484	238,233	328,519	2,658,198
Total capital assets being depreciated, net	1,204,965			1,139,976
<b>Solid Waste fund capital assets, net</b>	<b>1,204,965</b>			<b>1,139,976</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 41,129,297</b>			<b>\$ 44,456,757</b>

## Construction Commitments

The government has active construction projects as of June 30, 2020. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
City Hall Project	\$ 9,047,489	\$ 8,176
Water Sewer Project-IDF	\$ 2,086,780	\$ 121,220
Water Sewer Project-CDBG	\$ 301,979	\$ 1,698,021
Water Sewer Project-Wastewater Phase I	\$ 471,490	\$ 3,078,510
Electricity Fund Project	\$ 3,700,000	\$ -
Total	<u>\$ 15,607,738</u>	<u>\$ 4,905,927</u>

## B. Liabilities

### 1. Pension Plan and Postemployment Obligations

#### a. Local Governmental Employees' Retirement System

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

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Laurinburg employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Laurinburg's contractually required contribution rate for the year ended June 30, 2020, was 9.7% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Laurinburg were \$644,607 for the year ended June 30, 2020.

*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, 2020, the City reported a liability of \$3,024,223 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the City's proportion was .11074%, which was a decrease of (.00142)% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$1,300,564. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Difference between expected and actual experience	\$ 517,824	\$ -
Changes of assumptions	492,898	-
Net difference between projected and actual earnings on pension plan investments	73,765	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	105,793
City contributions subsequent to the measurement date	644,607	-
Total	<u>\$ 1,729,094</u>	<u>\$ 105,793</u>

\$644,607 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	492,808
2021	132,653
2022	270,631
2023	82,601
2024	-
2025	-
	<u>978,693</u>

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

Inflation	3 percent
Salary increase	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

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

*Discount rate.* The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate.*

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	6,916,951	3,024,223	211,423

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

## b. Law Enforcement Officers Special Separation Allowance

### *1. Plan Description.*

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

All full time City law enforcement officers are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

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

### *2. Summary of Significant Accounting Policies:*

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

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

### *3. Actuarial Assumptions*

The entry age actual cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

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

#### 4. Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$58,796 as benefits came due for the reporting period.

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

At June 30, 2020, the City reported a total pension liability of \$1,268,194. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the City recognized pension expense of \$128,804.

	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Differences between expected and actual experience	\$ 135,750	\$ 6,337
Changes of assumptions	65,771	39,062
County benefit payments and plan administrative expense made subsequent to the measurement date	32,762	-
Total	<u>\$ 234,283</u>	<u>\$ 45,399</u>

\$32,762 paid as benefits came due subsequent to the measurement date and have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### Year ended June 30:

2021	\$ 46,371
2022	46,371
2023	46,371
2024	38,406
2025	23,584
Thereafter	418



*Sensitivity of the City's total pension liability to changes in the discount rate.* The following presents the City's total pension liability calculated using the discount rate of 3.26 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease <u>2.26%</u>	Discount Rate <u>3.26%</u>	1% Increase <u>4.26%</u>
City's proportionate share of the net pension liability	\$ 1,374,950	\$ 1,268,194	\$ 1,170,544

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

	<u>2020</u>
Beginning balance	1,101,967
Service cost	55,680
Interest on the total pension liability	39,123
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	87,573
Changes of assumptions or other inputs	38,149
Benefit payments	(54,298)
Other changes	-
Ending balance of the total pension liability	<u><u>1,268,194</u></u>

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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

*Total expense, liabilities, and deferred outflows and inflows of resources related to pensions.*

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$1,300,564	\$ 128,804	\$1,429,368
Pension liability	3,024,223	1,268,194	4,292,417
Proportionate share of the net pension liability	0.11740%	N/A	-
Deferred outflows of resources			
Differences between expected and actual experience	517,824	135,750	653,574
Changes of assumptions	492,898	65,771	558,669
Net difference between projected and actual earnings on plan investments	73,765	-	73,765
Benefit payments and administrative costs paid subsequent to the measurement date	644,607	32,762	677,369
Deferred inflows of resources			
Differences between expected and actual experience	-	6,337	6,337
Changes of assumptions	-	39,062	39,062
Changes in proportion and differences between contributions and proportionate share of contributions	105,793	-	105,793

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$148,675, which consisted of \$106,918 from the City and \$35,364 from the law enforcement officers.

d. Firefighters' and Rescue Squad Workers' Pension Fund

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

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

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

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

e. Other Post-Employment Benefits

Healthcare Benefits

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

Membership of the FCC Plan consisted of the following at June 30, 2019 the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	10	4
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	111	38
Total	<u>121</u>	<u>42</u>

**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 \$2,113,036 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

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

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

## Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2019</b>	2,011,980
<b>Changes for the year</b>	
Service cost	74,985
Interest	75,888
Changes of benefit terms	-
Differences between expected and actual experience	31,972
Changes in assumptions or other inputs	41,641
Benefit payments	<u>(123,430)</u>
<b>Net changes</b>	101,056
<b>Balances at June 30, 2020</b>	2,113,036

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 3.89%.

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	<b>Discount Rate</b>		
	<u>1% Decrease</u>	<u>(3.50%)</u>	<u>1% Increase</u>
Total OPEB liability	\$ 2,305,796	\$ 2,113,036	\$ 1,938,331

*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:

	<b>Discount Rate</b>		
	<b>(Medical-6.5%, Prescription-7.25%, Admin Expenses-3.00%)</b>		
	<u>(Medical-5.5%, Prescription-6.25%, Admin Expenses 2.00%)</u>	<u>(Medical -7.50%, Prescription - 8.25%, Admin Expenses - 4.00%)</u>	
Total OPEB liability	\$ 1,898,286	\$ 2,113,036	\$ 2,364,240

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$99,607. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 33,034	\$ 448
Changes of assumptions	37,040	110,078
Benefit payments and administrative costs made subsequent to the measurement date	<u>91,381</u>	<u>-</u>
Total	<u>\$ 161,455</u>	<u>\$ 110,526</u>

\$81,595 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

### Year ended June 30:

2020	(9,431)
2021	(9,431)
2022	(9,431)
2023	(9,431)
2024	(9,431)
Thereafter	6,703

### Other Employment Benefits

The City has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis.

The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan.

The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City made no contributions to the State for death benefits. Due to surplus, a decision was made to temporarily stop employer contributions to the LGERS Death Benefit Plan.

### 2. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year - LGRS	\$ 644,607
Benefit payments made and administrative expenses for LEOSSA made subsequent to measurement date	32,762
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	91,381
Differences between expected and actual experience	686,608
Changes of assumptions	595,709
Net difference between projected and actual	
Changes in proportion and differences between employer contributions and proportionate share of contributions	73,764
Total	<u>\$ 2,124,831</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	3,023	3,023
Prepaid FEMA funds	24,741	24,741
Taxes receivable, less penalties (General Fund)	-	574,659
Changes in assumptions	149,140	-
Differences between expected and actual experience	6,785	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	105,793	-
Total	<u>289,482</u>	<u>602,423</u>

### 3. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in one self-funded risk-financing pool administered by the North Carolina League of Municipalities. Through this pool, the City obtains general liability and auto liability coverage of \$2 million and \$1 million per occurrence, respectively, and property coverage up to the total insured values of the property policy. City of Laurinburg is self-funded for worker's compensation and the North Carolina League of Municipalities handles the processing of claims as TPA. Workers' compensation is covered up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the City each year. Stop loss insurance is purchased by the City to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the City can be obtained by contacting the Midwest Employers Casualty Company. The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request.

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

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$100,000 and \$50,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond of \$250,000.

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

### 4. Claims, Judgments and Contingent Liabilities

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

### 5. Long-Term Obligations

#### a. Equipment Financing Purchase

In fiscal 2012, the City entered into a \$384,348 financing agreement to purchase a fire truck at a fixed interest rate of 2.180 percent. The remaining balance owed at June 30, 2020 is \$83,639 and is being serviced by the General Fund. The loan is secured by the asset.



In fiscal 2011, the City entered into a \$115,645 financing agreement with BB&T bank to purchase a leaf blower truck at a fixed rate of 2.62 percent. The remaining principal balance owed at June 30, 2020 is \$12,956. The loan is serviced by the Solid Waste Fund. The loan is secured by the asset.

In October of 2013, the City entered into a \$7,718,880 installment contract with PNC Bank to finance construction of a water tower infrastructure. The financing contract requires principal payments beginning in the fiscal year 2014-2015 with an interest rate of 2.24%. The loan requires interest only payments as well as principal and interest payments. The remaining principal balance owed at June 30, 2020 is \$3,087,555. The loan is serviced by the Water Sewer Fund.

In October of 2013, the City entered into a \$581,120 installment contract with PNC Bank to finance construction of an electric infrastructure. The financing contract requires principal payments beginning in the fiscal year 2014-2015 with an interest rate of 2.24%. The loan requires interest only payments as well as principal and interest payments. The remaining principal balance owed at June 30, 2020 is \$232,445. The loan is serviced by the Electric Fund.

In November of 2015, the City entered into a \$258,980 installment contract to finance the purchase of a side loader. The financing contract requires principal payments beginning in the fiscal year 2016-2017 with an interest rate of 1.80%. The loan is secured by the side loader as collateral. The remaining principal balance owed at June 30, 2020 is \$158,114. The loan is serviced by the Solid Waste Fund.

In fiscal 2018, the City entered into a \$9,165,000 non-general obligation bond financing agreement to to build a new City Hall at a fixed rate of 2.60 percent. Interest only payments are made in fiscal 2018 with interest and principal payments to begin in fiscal 2019. \$6,110,000 of the total debt is serviced by the General Fund and the principal balance owed at June 30, 2020 is \$5,295,333. This note is secured by a deed of trust and security interest in the new City Hall.

In fiscal 2018, the City entered into a \$9,165,000 non-general obligation bond financing agreement to to build a new City Hall at a fixed rate of 2.60 percent. Interest only payments are made in fiscal 2018 with interest and principal payments to begin in fiscal 2019. \$1,527,500 of the total debt is serviced by the Electric Fund and the principal balance owed at June 30, 2020 is \$1,323,833. This note is secured by a deed of trust and security interest in the new City Hall.

In fiscal 2018, the City entered into a \$9,165,000 non-general obligation bond financing agreement to to build a new City Hall at a fixed rate of 2.60 percent. Interest only payments are made in fiscal 2018 with interest and principal payments to begin in fiscal 2019. \$1,527,500 of the total debt is serviced by the Water Fund and the principal balance owed at June 30, 2020 is \$1,323,833. This note is secured by a deed of trust and security interest in the new City Hall.

Annual debt service payments of the installment purchases as of June 30, 2020, including \$1,503,663 of interest, are as follows:

Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	448,702	134,206	1,072,328	134,431
2022	449,604	122,715	1,059,844	109,734
2023	407,333	111,202	1,060,324	85,368
2024	407,333	100,611	1,060,812	60,990
2025	407,333	90,021	231,310	45,902
2026-2030	2,036,667	291,243	1,043,116	145,752
2031-2035	1,222,000	47,658	611,002	23,830
Total	\$5,378,973	\$ 897,656	\$ 6,138,736	\$ 606,007

At June 30, 2020, the City of Laurinburg had a legal debt margin of \$66,183,745.

b. Changes in Long-term Liabilities

	Beginning Balance July 1, 2019	Increases	Decreases	Ending Balance June 30, 2020	Current Portion of Balance
Governmental activities:					
Financing agreement	\$ 5,826,792	\$ -	\$ 447,819	\$ 5,378,973	\$ 448,702
Net pension liability (LGRS)	1,530,132	254,160	-	1,784,292	-
Net pension obligation (LEO)	1,101,967	166,227	-	1,268,194	-
Total OPEB liability	1,187,068	59,236	-	1,246,304	-
Compensated absences	348,450	204,692	198,130	355,012	106,504
Governmental activities long-term liabilities	\$ 9,994,409	684,315	645,949	10,032,775	555,206
Business-type activities:					
<u>Electric fund</u>					
Financing agreement	\$ 1,716,225	\$ -	\$ 159,945	\$ 1,556,280	159,945
Net pension liability (LGRS)	259,344	43,078	-	302,422	-
Total OPEB liability	201,198	10,200	-	211,398	-
Compensated absences	61,324	38,932	44,028	56,228	16,868
Electric fund activity long-term liabilities	2,238,091	92,210	203,973	2,126,328	176,813
<u>Water and sewer fund</u>					
Financing agreement	\$ 5,285,109	\$ -	\$ 873,720	\$ 4,411,389	\$ 873,721
Net pension liability (LGRS)	466,820	77,540	-	544,360	-
Total OPEB liability	362,156	18,360	-	380,516	-
Compensated absences	78,599	53,001	58,228	73,372	22,012
Water and sewer activity long-term liabilities	6,192,684	148,901	931,948	5,409,637	895,733
<u>Solid waste fund</u>					
Financing agreement	\$ 267,215	\$ -	\$ 96,145	\$ 171,070	\$ 38,662
Net pension liability (LGRS)	337,148	56,001	-	393,149	-
Total OPEB liability	261,558	13,259	-	274,817	-
Compensated absences	65,574	48,082	33,255	80,401	24,120
Solid waste activity long-term liabilities	931,495	117,342	129,400	919,437	62,782
Business activity long-term liabilities	\$ 9,362,270	\$ 358,453	\$ 1,265,321	\$ 8,455,402	\$ 1,135,328

Compensated absences typically have been liquidated in the General Fund.

C. Revenues, Expenditures, and Expenses

On-Behalf Payments for Fringe Benefits and Salaries

The City has recognized as a revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$24,480 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2020. 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.

	<u>Governmental</u>	<u>Business-Type</u>
<u>Net Investment in Capital Assets</u>		
Capital assets	\$ 13,039,129	\$ 44,456,756
Less: Long-term debt	(5,378,973)	(3,491,070)
Net investment in capital assets	<u>\$ 7,660,156</u>	<u>\$ 40,965,686</u>

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

#### D. Fund Balance

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

Total fund balance - General Fund	2,613,415
Less:	
Non-spendable - Prepaid expenses	13,367
Non-spendable - Inventories	25,995
Stabilization by State Statute	534,668
Future bond debt	542,415
Remaining fund balance	1,496,970

#### Interfund Balances and Activity

Transfer to/from other funds at June 30, 2020, consists of the following:

From the Electric Fund to the General Fund for payment in lieu of taxes	\$ 69,781
From the Electric Fund to fund the Electric Capital Project Fund	1,975,000
From the General Fund to the Downtown Revitalization Fund for revitalization of downtown	20,000
From the Electric Fund to the General Fund in accordance with §159B-39	483,622
Total	<u>\$2,548,403</u>

#### IV. Jointly Governed Organization

The City, in conjunction with thirty-one other local governments, is a member of the North Carolina Eastern Municipal Power Agency (Electric Agency). The Electric Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Electric Agency's governing board. The thirty-two members, which receive power from the Electric Agency, have signed power sales agreements to purchase a specified share of the power generated by the Electric Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The City's purchases of power for the fiscal year ended June 30, 2020 were \$10,662,668.

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, 2020. 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, 2020 in the amount of \$5,267.

#### V. Related Organization

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

#### VI. Summary Disclosure of Significant Contingencies

##### Federal and State Assisted Programs

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

#### VII. Extraordinary Event

During the current fiscal year, water fund assets in the amount of \$1,182,830 were considered impaired and removed. The amount is shown as an impairment loss in the Water Sewer Fund.

Management expects the COVID-19 Virus pandemic currently circulating in the country will have an effect on the City's 2020-2021 operations. Although the financial impact is unknown, the City expects the impact to be minimal.

#### VIII. 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

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

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

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

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Laurinburg's proportion of the net pension liability (asset) (%)	0.11074%	0.10932%	0.11536%	0.11442%	0.11703%	-0.11291%	0.10479%
Laurinburg's proportion of the net pension liability (asset) (\$)	3,024,223	2,593,444	1,762,381	2,428,375	525,268	(665,882)	1,263,242
Laurinburg's covered-employee payroll	7,202,313	7,360,981	6,295,300	6,244,611	6,202,795	5,896,860	5,774,114
Laurinburg's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.99%	35.23%	28.00%	38.89%	8.47%	-11.29%	21.88%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	91.47%	98.09%	102.64%	94.35%

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

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

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

Local Government Employee's Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	644,607	570,476	487,905	468,631	420,613	422,356	410,782
Contributions in relation to the contractually required contribution	<u>644,607</u>	<u>570,476</u>	<u>487,905</u>	<u>468,631</u>	<u>420,613</u>	<u>422,356</u>	<u>410,782</u>
Contribution deficiency (excess)	-	-	-	-	-	-	-
Laurinburg's covered-employee payroll	7,202,313	7,360,981	6,295,300	6,244,611	6,202,795	5,896,860	5,774,114
Contributions as a percentage of covered-employee payroll	8.95%	7.75%	7.75%	7.50%	6.78%	7.16%	8.60%

City of Laurinburg, North Carolina  
Schedule of Changes in Total Pension Liability  
Law Enforcement Officers' Special Separation Allowance  
June 30, 2020

	2020	2019	2018	2017
Beginning balance	1,101,967	1,028,878	961,796	976,112
Service cost	55,680	56,108	48,244	51,545
Interest on the total pension liability	39,123	31,516	35,772	33,511
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	87,573	92,736	(12,202)	-
Changes of assumptions and other inputs	38,149	(44,168)	-	-
Benefits payments	(54,298)	(63,103)	65,402	(24,500)
Other changes	-	-	(70,134)	(74,872)
Ending balance of the total pension liability	<u>1,268,194</u>	<u>1,101,967</u>	<u>1,028,878</u>	<u>961,796</u>

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



City of Laurinburg, North Carolina  
 Schedule of Total Pension Liability as a Percentage of Covered Payroll  
 Law Enforcement Officers' Special Separation Allowance  
 June 30, 2020

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

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

City of Laurinburg, North Carolina  
Schedule of Changes in Total OPEB Liabilities and Related Ratios  
June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	74,985	77,470	83,635
Interest	75,888	70,455	61,751
Changes of benefit terms	-	-	-
Differences between expected and actual experience	31,972	5,969	(685)
Changes of assumptions	41,641	(58,014)	(99,907)
Benefit payments	<u>(123,430)</u>	<u>(124,834)</u>	<u>(109,993)</u>
Net change in total OPEB liability	101,056	(28,954)	(65,199)
Total OPEB liability-beginning	<u>2,011,980</u>	<u>2,040,934</u>	<u>2,106,133</u>
TOTAL OPEB LIABILITY-ENDING	<u><u>2,113,036</u></u>	<u><u>2,011,980</u></u>	<u><u>2,040,934</u></u>
 Covered payroll	 6,756,937	 5,846,417	 5,846,417
Total OPEB liability as a percentage of covered payroll	31.27%	34.41%	34.91%

## Notes to Schedule

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

<u>Fiscal Year</u>	<u>Rate</u>
2020	3.50%
2019	3.56%
2018	3.89%

City of Laurinburg, North Carolina  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 3,231,017	
Penalties and interest		44,983	
Total	<u>3,289,190</u>	<u>3,276,000</u>	<u>(13,190)</u>
Other taxes and licenses:			
Local option sales tax		1,227,640	
Animal taxes		476	
Privilege licenses		360	
Total	<u>1,437,900</u>	<u>1,228,477</u>	<u>(209,423)</u>
Unrestricted intergovernmental:			
Utility franchise tax		1,063,950	
Beer and wine tax		66,924	
Cable franchise		380,715	
Tax refunds - sales and gasoline		23,658	
Total	<u>1,565,000</u>	<u>1,535,247</u>	<u>(29,753)</u>
Restricted intergovernmental:			
Federal government grants		5,061	
Powell Bill allocation		446,671	
Seized asset revenue		116	
Total	<u>485,000</u>	<u>451,847</u>	<u>(33,153)</u>
Permits and fees:			
Court fees		3,313	
Inspection fees		10,066	
Total	<u>9,100</u>	<u>13,378</u>	<u>4,278</u>

City of Laurinburg, North Carolina  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Sales and services:			
Fire protection		103,729	
Cemetery lots		75,302	
Total	168,500	179,031	10,531
Investment earnings	5,500	16,331	10,831
Miscellaneous:			
Sale of materials and other assets		15,024	
Concessions and rentals		6,136	
Other		750,965	
Total	463,861	772,124	308,263
Total revenues	7,424,051	7,472,435	48,384
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		266,896	
Membership dues and subscriptions		24,483	
Other operating expenditures		36,820	
Capital outlay		6,091	
Reimbursement-proprietary funds		(289,439)	
Total	68,121	44,850	23,271
Administration:			
Salaries and employee benefits		242,804	
Other operating expenditures		63,270	
Reimbursement-proprietary funds		(241,658)	
Total	91,454	64,416	27,038

City of Laurinburg, North Carolina  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Personnel/safety:			
Salaries and employee benefits		164,418	
Other operating expenditures		298,371	
Reimbursement-proprietary funds		(194,969)	
Total	309,883	267,821	42,062
Finance:			
Salaries and employee benefits		272,489	
Other operating expenditures		30,784	
Reimbursement-proprietary funds		(259,949)	
Total	43,575	43,324	251
Taxes:			
Salaries and employee benefits		66,577	
Collection fees		39	
Other operating expenditures		12,696	
Total	104,201	79,312	24,889
Public buildings:			
Salaries and employee benefits		25,585	
Other operating expenditures		17,310	
Capital outlay		19,500	
Total	67,422	62,395	5,027
Information technology:			
Other operating expenditures		139,215	
Reimbursement-proprietary funds		(123,520)	
Total	18,805	15,695	3,110
Total general government	703,461	577,811	125,650

City of Laurinburg, North Carolina  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Community development:			
Administration:			
Salaries and employee benefits		212,359	
Other operating expenditures		46,152	
Contributions to local organizations		326,750	
Capital outlay		108,750	
Total	708,150	694,012	14,138
Planning:			
Salaries and employee benefits		72,416	
Other operating expenditures		21,571	
Total	116,892	93,986	22,906
Engineering:			
Salaries and employee benefits		92,806	
Other operating expenditures		17,326	
Capital outlay		9,700	
Reimbursement-proprietary funds		(109,861)	
Total	20,726	9,971	10,755
Beautification:			
Salaries and employee benefits		224,397	
Other operating expenditures		144,534	
Capital outlay		496,681	
Total	936,255	865,612	70,643
Total community development	1,782,023	1,663,581	118,442

City of Laurinburg, North Carolina  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Public safety:			
Police:			
Salaries and employee benefits		2,710,515	
Vehicle maintenance		142,586	
Other operating expenditures		300,411	
Capital outlay		11,187	
Total	3,436,596	3,164,698	271,898
Fire:			
Salaries and employee benefits		464,340	
Vehicle maintenance		42,554	
Other operating expenditures		245,262	
Capital outlay		58,913	
Total	891,008	811,069	79,939
Rescue units:			
Operating expenditures		37,941	
Total	53,529	37,941	15,588
Total public safety	4,381,133	4,013,707	367,426
Transportation:			
Streets and highways:			
Salaries and employee benefits		411,185	
Other operating expenditures		127,653	
Capital outlay		212,124	
Total	885,324	750,963	134,361

City of Laurinburg, North Carolina  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Public works:			
Administration:			
Salaries and employee benefits		226,586	
Other operating expenditures		10,550	
Reimbursement proprietary funds		(215,330)	
Total	32,784	21,806	10,978
Storm drainage:			
Salaries and employee benefits		188,533	
Other operating expenditures		128,944	
Total	434,234	317,477	116,757
Garage:			
Salaries and employee benefits		110,066	
Other operating expenditures		28,844	
Total	148,891	138,910	9,981
Total public works	615,909	478,193	137,716
Animal control:			
Salaries and employee benefits		70,649	
Other operating expenditures		5,693	
Total	83,634	76,342	7,292



City of Laurinburg, North Carolina  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Cemetery:			
Salaries and employee benefits		127,503	
Other operating expenditures		32,635	
Capital outlay		9,249	
Total	200,684	169,387	31,297
Debt service:			
Principal retirement		447,819	
Interest and other charges		144,797	
Total	592,617	592,617	-
Total expenditures	9,244,785	8,322,601	922,184
Revenues over (under) expenditures	(1,820,734)	(850,165)	970,568
Other financing sources (uses):			
Transfers from other funds:			
Enterprise funds:			
Electric fund - Pilot	69,781	69,781	
Electric fund - GS §159B-39	483,622	483,622	
Transfers to other funds:			
To special revenue fund	(20,000)	(20,000)	
Collections of notes receivable	2,168	2,168	
Other financing uses - financing note issued	(11,000)	(11,000)	
Total other financing sources (uses)	\$ 524,571	\$ 524,571	\$ -
Fund balance appropriated	\$ 1,296,163		\$ (1,296,163)
Net change in fund balance	\$ -	(325,594)	\$ (325,595)
Fund balances:			
Beginning of year, July 1		2,939,009	
End of year, June 30		\$ 2,613,415	

City of Laurinburg, North Carolina  
**Capital Projects Fund - City Hall**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2020

	Project <u>Authorization</u>	Prior <u>Year</u>	Actual Current <u>Year</u>	Total to <u>Date</u>	Variance Positive (Negative)
<b>Revenues</b>					
City Hall Project:					
Investment earnings	\$ -	\$ 792	\$ 27	\$ 819	\$ 819
Total revenues	-	792	27	819	819
<b>Expenditures</b>					
City Hall Project:					
Capital outlay:					
City hall construction	9,055,665	8,639,525	407,964	9,047,489	8,176
Total expenditures	9,055,665	8,639,525	407,964	9,047,489	8,176
Revenues (under) expenditures	(9,055,665)	(8,638,733)	(407,937)	(9,046,670)	8,995
Transfers from other funds:					
General fund	6,110,000	6,110,000	-	6,110,000	-
Electric fund	1,527,500	1,527,500	-	1,527,500	-
Water sewer fund	1,527,500	1,527,500	-	1,527,500	-
Total other financing sources	9,165,000	9,165,000	-	9,165,000	-
Transfers to other funds-general fund	(109,335)	(109,335)	-	(109,335)	-
Total other financing uses	(109,335)	(109,335)	-	(109,335)	-
Net change in fund balance	\$ -	\$ 416,932	(407,937)	\$ 8,995	\$ 8,995
Fund balance, beginning			416,932		
Fund balance, ending			\$ 8,995		

City of Laurinburg, North Carolina  
**Combining Balance Sheet**  
**Nonmajor Governmental Fund**  
For the Fiscal Year Ended June 30, 2020

	Special Revenue Fund	Special Revenue Funds		
		Total		Total
	Downtown Revitalization	Nonmajor Special Revenue Funds	Cemetery Permanent Fund	Nonmajor Governmental Funds
<b>Assets</b>				
Cash	\$ 104,212	\$ 104,212	\$ 478,029	\$ 582,241
Total assets	<u>\$ 104,212</u>	<u>\$ 104,212</u>	<u>\$ 478,029</u>	<u>\$ 582,241</u>
<b>Liabilities and Fund Balances</b>				
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Restricted:				
Downtown revitalization	13,316	13,316	-	13,316
Assigned:				
Downtown revitalization	90,896	90,896	-	90,896
Non spendable - perpetual maintenance	<u>-</u>	<u>-</u>	<u>478,029</u>	<u>478,029</u>
Total fund balances	<u>104,212</u>	<u>104,212</u>	<u>478,029</u>	<u>582,241</u>
Total liabilities and fund balances	<u>\$ 104,212</u>	<u>\$ 104,212</u>	<u>\$ 478,029</u>	<u>\$ 582,241</u>

City of Laurinburg, North Carolina  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
For the Fiscal Year Ended June 30, 2020

	Special Revenue Fund	Special Revenue Funds Total Nonmajor Special Revenue Funds	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
	Downtown Revitalization			
Revenues:				
Ad valorem tax	\$ 18,502	\$ 18,502	\$ -	\$ 18,502
Sales and services	-	-	22,976	22,976
Interest	-	-	4,210	4,210
Total revenues	18,502	18,502	27,186	45,688
Expenditures:				
Current:				
Downtown revitalization	41,807	41,807	-	41,807
Total expenditures	41,807	41,807	-	41,807
Revenues over (under) expenditures	(23,305)	(23,305)	27,186	3,881
Other financing (uses)				
Transfers from General fund	20,000	20,000	-	20,000
Net change in fund balance	(3,305)	(3,305)	27,186	23,881
Fund balances:				
Fund balance beginning of year	107,517	107,517	450,843	558,360
Fund balance end of year-June 30	<u>\$ 104,212</u>	<u>\$ 104,212</u>	<u>\$ 478,029</u>	<u>\$ 582,241</u>

City of Laurinburg, North Carolina  
**Downtown Revitalization**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Current Year</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 18,502	\$ 18,502	\$ -
Total revenues	<u>18,502</u>	<u>18,502</u>	<u>-</u>
Expenditures:			
Downtown revitalization	<u>38,502</u>	<u>41,807</u>	<u>(3,305)</u>
Total expenditures	<u>38,502</u>	<u>41,807</u>	<u>(3,305)</u>
Revenues (under) expenditures	<u>(20,000)</u>	<u>(23,305)</u>	<u>(3,305)</u>
Other Financing Sources			
Transfers from other funds:			
General fund	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total other financing sources	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(3,305)</u>	<u>\$ (3,305)</u>
Fund balances - beginning		<u>107,517</u>	
Fund balances - ending		<u>\$ 104,212</u>	

City of Laurinburg, North Carolina  
**Electric Fund**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating revenues:			
Charges for services:			
Electricity sales		\$ 13,479,523	
Municipal usage		637,978	
Fiber optic rental		278,044	
Total	15,526,852	14,395,545	(1,131,307)
Other operating revenues			
Other operating revenues		227,755	
State grants		5,000	
Total other operating revenues	219,500	232,755	13,255
Total operating revenues	15,746,352	14,628,300	(1,118,052)
Nonoperating revenues:			
Interest earnings		151,608	
(Loss) on sale of fixed assets		(15,549)	
Total nonoperating revenues	500	136,059	135,559
Total revenues	15,746,852	14,764,359	(982,493)
Expenditures:			
Administration:			
Salaries & employee benefits		119,682	
Supplies		998	
Utilities		323	
Management fees		279,395	
Other operating expenditures		10,681	
Total	602,611	411,078	191,533
Consumer billing and receiving:			
Salaries & employee benefits		267,230	
Maintenance		48,533	
Other operating expenditures		46,751	
Total	459,188	362,514	96,674
Electrical operations:			
Salaries & employee benefits		596,137	
Supplies		57,359	
Contracted maintenance		313,957	
Vehicle maintenance		62,828	
Utilities		65,706	
Other operating expenditures		80,734	
Total	1,826,443	1,176,721	649,722

City of Laurinburg, North Carolina  
**Electric Fund**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Electrical power purchases	11,085,629	10,662,668	422,961
Debt Service:			
Interest expense		38,998	
Principal retirement		159,945	
Total	198,943	198,943	-
Capital outlay:			
Electrical fiber		4,609	
Electrical consumer billing		11,188	
Electrical operations		1,009,740	
Total	1,025,537	1,025,537	-
Total expenditures	15,198,351	13,837,461	1,360,890
Revenues over expenditures	548,501	926,898	378,397
Other financing sources (uses):			
Transfers to other funds:			
General fund - GS §159B-39	(483,622)	(483,622)	
General fund - (payment in lieu of taxes)	(65,500)	(69,781)	
Capital project fund	(1,975,000)	(1,975,000)	
Total other financing sources (uses)	(2,524,122)	(2,528,403)	(4,281)
Fund balance appropriated	1,975,621		(1,975,621)
Revenues and other sources (under) expenditures and other financing sources (uses)	\$ -	\$ (1,601,505)	\$ (1,601,505)
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Principal retirement		159,945	
Capital outlay		1,025,537	
Bad debts		(94,698)	
Decrease in accrued vacation		5,097	
Depreciation		(453,152)	
Capital contribution		1,975,001	
(Decrease) in deferred outflows of resources- pensions		(28,268)	
(Increase) in net pension liability		(43,078)	
Decrease in deferred inflows of resources-pensions		5,751	
Increase in deferred outflows of resources - OPEB		7,458	
Decrease in deferred inflows of resources - OPEB		1,825	
(Increase) in net OPEB liability		(10,200)	
Total		2,551,217	
Change in net position		\$ 949,712	

City of Laurinburg, North Carolina  
**Water and Sewer Fund**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Water sales		\$ 4,868,700	
Sewer charges		2,514,462	
Water and sewer taps		71,767	
Total	6,609,166	7,454,929	845,763
Other operating revenues			
Other hurricane recovery reimbursement		204,847	
Other operating revenues		314,234	
State grants		50,469	
Total other operating revenues	203,000	569,550	366,550
Total operating revenues	6,812,166	8,024,479	1,212,313
Nonoperating revenues:			
Interest earnings	100	3,268	
Gain on sale of fixed assets		16,160	
Total nonoperating revenues	100	19,428	19,328
Total revenues	6,812,266	8,043,907	1,231,641
Expenditures:			
Administration:			
Salaries & employee benefits		265,976	
Travel		2,561	
Supplies		9,592	
Insurance		2,045	
Maintenance		51,845	
Utilities		2,940	
Management fees		1,096,380	
Other operating expenditures		115,337	
Total	1,603,605	1,546,676	56,929
Water treatment and distribution:			
Water production and treatment plant:			
Salaries & employee benefits		325,204	
Chemicals		133,345	
Supplies		26,261	
Utilities		213,689	
Management fees		303,797	
Other operating expenditures		143,903	
Total	1,208,259	1,146,199	62,060



City of Laurinburg, North Carolina  
**Water and Sewer Fund**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Water distribution:			
Salaries and employee benefits		379,239	
Supplies		35,933	
Other operating expenditures		237,345	
Total	669,723	652,517	17,206
Total water treatment and distribution	1,877,982	1,798,716	79,266
Waste collection and treatment:			
Sewage collection system:			
Salaries and employee benefits		365,455	
Supplies		80,001	
Other operating expenditures		47,050	
Total	867,048	492,507	374,541
Primary waste treatment:			
Salaries and employee benefits		395,796	
Chemicals		45,949	
Supplies		39,461	
Utilities		395,752	
Maintenance		116,460	
Other operating expenditures		192,623	
Total	1,965,303	1,186,041	779,262
Total waste collection & treatment	2,832,351	1,678,548	1,153,803
Debt service:			
Interest and fees		113,549	
Principal retirement		873,720	
Total debt service	987,271	987,269	2

City of Laurinburg, North Carolina  
**Water and Sewer Fund**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Capital outlay:			
Waste production and treatment		1,083,607	
Total capital outlay	1,083,607	1,083,607	-
Total expenditures	8,384,816	7,094,817	1,289,999
Revenues over (under) expenditures	(1,572,550)	949,090	2,521,640
Other financing sources (uses):			
None	-	-	-
Fund balance appropriated	1,572,550	-	(1,572,550)
Revenues and other sources over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 949,090</u>	<u>\$ 949,090</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Principal retirement		873,720	
Bad debts		(60,806)	
Capital outlay		1,083,607	
Loss on asset impairment		(1,182,830)	
Capital contributions		1,196,477	
Decrease in accrued vacation pay		5,225	
Depreciation		(1,459,214)	
(Decrease) in deferred outflows of resources-pensions		(51,425)	
(Increase) in net pension liability		(77,540)	
Decrease in deferred inflows of resources-pensions		10,892	
Increase in deferred outflows of resources-OPEB		13,424	
Decrease in deferred inflows of resources-OPEB		3,285	
(Increase) in OPEB liability		(18,360)	
Total reconciling items		336,455	
Change in net position		<u>\$ 1,285,545</u>	

City of Laurinburg, North Carolina  
**Solid Waste Fund**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating revenues:			
Charges for services:			
Sales:			
Residential		\$ 1,655,215	
Commercial and industrial		791,479	
Total	2,323,360	2,446,693	123,333
Other operating revenues			
Other hurricane recovery reimbursement		35,998	
Other operating revenues		20,878	
Total other operating revenues	40,000	56,876	16,876
Total operating revenues	2,363,360	2,503,569	140,209
Nonoperating revenues:			
Interest earnings		192	
Gain on sale of assets		1,595	
Total nonoperating revenues	5,050	1,787	(3,263)
Total revenues	2,368,410	2,505,357	136,947
Expenditures:			
Solid waste operations:			
Salaries and employee benefits		1,214,983	
Contracted services		58,195	
Supplies		4,908	
Tipping fee		485,763	
Maintenance		230,565	
Utilities		3,903	
Management fees		58,951	
Other operating expenditures		79,321	
Total	2,267,875	2,136,589	131,286
Debt service:			
Interest expense		4,461	
Principal retirement		38,332	
	42,793	42,793	-

City of Laurinburg, North Carolina  
**Solid Waste Fund**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Capital outlay:			
Equipment	173,244	173,244	-
Total expenditures	2,483,912	2,352,626	131,286
Revenues over (under) expenditures	(115,502)	152,731	268,233
Other financing uses:			
Fund balance appropriated	115,502	-	115,502
Revenues and other sources over expenditures and other uses	\$ -	152,731	\$ 152,731
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues and other sources over expenditures and other uses		\$ 152,731	
Reconciling items:			
Principal retirement		38,332	
Bad debts		(44,617)	
Decrease in accrued vacation pay		14,827	
Depreciation		(238,233)	
Capital outlay		173,244	
(Decrease) in deferred outflows of resources - pensions		(37,140)	
(Increase) in net pension liability		(56,001)	
Decrease in deferred inflows of resources - pensions		6,656	
Increase in deferred outflows of resources-OPEB		9,695	
Decrease in deferred inflows of resources - OPEB		2,373	
(Increase) in accrued OPEB liability		(13,260)	
Total		(144,124)	
Change in net position		\$ 8,607	

City of Laurinburg, North Carolina  
**Water-Sewer Capital Project Fund - IDF Capital Project**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
From Inception and for the Fiscal Year Ended June 30, 2020

	Project <u>Authorization</u>	Prior <u>Years</u>	<u>Actual</u>		Variance Positive (Negative)
			<u>Current Year</u>	<u>Total to Date</u>	
Revenues-water-sewer project:					
Restricted intergovernmental:					
IDF Grant-Sewer	\$ 708,000	\$ 564,159	\$ 91,536	\$ 655,695	\$ (52,305)
IDF Grant-Water	<u>1,500,000</u>	<u>421,164</u>	<u>1,009,921</u>	<u>1,431,085</u>	<u>(68,915)</u>
Total revenues	2,208,000	985,323	1,101,457	2,086,780	(121,220)
Expenditures-water-sewer project:					
Construction-Sewer	657,700	469,501	28,440	497,941	159,759
Engineering/design-Sewer	50,300	94,658	63,096	157,754	(107,454)
Construction-Water	1,320,000	380,182	1,004,042	1,384,224	(64,224)
Engineering/design-Water	96,600	46,861	-	46,861	49,739
Administration-Water	<u>83,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,400</u>
Total expenditures	2,208,000	991,202	1,095,578	2,086,780	121,220
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (5,879)</u>	<u>\$ 5,879</u>	<u>\$ -</u>	<u>\$ -</u>

City of Laurinburg, North Carolina  
**Water-Sewer Capital Project Fund - CDBG Produce Market Wastewater**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total to Date</u>	
Revenues-water-sewer project:					
Restricted intergovernmental:					
CDBG Grant-Sewer	<u>\$ 2,000,000</u>	<u>\$ 136,849</u>	<u>\$ 165,130</u>	<u>\$ 301,979</u>	<u>\$(1,698,021)</u>
Total revenues	2,000,000	136,849	165,130	301,979	(1,698,021)
Expenditures-water-sewer project:					
Construction-Sewer	1,688,000	-	-	-	1,688,000
Engineering/design-Sewer	162,000	136,849	165,130	301,979	(139,979)
Administration-Sewer	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Total expenditures	2,000,000	136,849	165,130	301,979	1,698,021
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Laurinburg, North Carolina  
**Water Sewer Capital Project-Phase 1**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u>		<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
			<u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	
Expenditures-water-sewer project:					
Construction	\$ 2,950,000	\$ -	\$ -	\$ -	\$ 2,950,000
Engineering/design	<u>600,000</u>	<u>-</u>	<u>471,490</u>	<u>471,490</u>	<u>128,510</u>
Total expenditures	3,550,000	-	471,490	471,490	3,078,510
Other financing sources:					
Transfers from other funds					
From Water Sewer Fund	<u>3,550,000</u>	<u>3,550,000</u>	<u>-</u>	<u>3,550,000</u>	<u>-</u>
Total other sources	3,550,000	3,550,000	-	3,550,000	-
Revenues and other sources					
over (under) expenditures	<u>\$ -</u>	<u>\$ 3,550,000</u>	<u>\$ (471,490)</u>	<u>\$ 3,078,510</u>	<u>\$ 3,078,510</u>

City of Laurinburg, North Carolina  
**Electric Capital Project-Electric Substation**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
From Inception and for the Fiscal Year Ended June 30, 2020

	Project	Prior	Actual		Variance
	<u>Authorization</u>	<u>Years</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
			<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
Expenditures-substation project:					
Construction	\$ 3,220,000	\$ 30,861	\$ 2,526,714	\$2,557,575	\$ 662,425
Engineering/design	<u>480,000</u>	<u>36,249</u>	<u>141,057</u>	<u>177,306</u>	<u>302,694</u>
Total expenditures	3,700,000	67,110	2,667,771	2,734,881	965,119
Other financing sources:					
Transfers from other funds					
From Electric Fund	<u>3,700,000</u>	<u>1,725,000</u>	<u>1,975,000</u>	<u>3,700,000</u>	<u>-</u>
Total other sources	3,700,000	1,725,000	1,975,000	3,700,000	-
Revenues and other sources					
over (under) expenditures	<u>\$ -</u>	<u>\$ 1,657,890</u>	<u>\$ (692,771)</u>	<u>\$ 965,119</u>	<u>\$ 965,119</u>



City of Laurinburg, North Carolina  
**Agency Fund**  
**Combining Statement of Changes in Assets and Liabilities**  
For the Fiscal Year Ended June 30, 2020

	Balance July 1, <u>2019</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, <u>2020</u>
Scotland County-Water Districts				
Assets:				
Cash	\$ 106,431	\$1,338,136	\$1,334,982	\$ 109,585
Liabilities:				
Intergovernmental	\$ 106,431	\$1,338,136	\$1,334,982	\$ 109,585
Town of East Laurinburg				
Assets:				
Cash	\$ 1,924	\$ 22,523	\$ 22,505	\$ 1,942
Liabilities:				
Intergovernmental	\$ 1,924	\$ 22,523	\$ 22,505	\$ 1,942
Total-All Agency Funds				
Assets:	\$ 108,355	\$1,360,659	\$1,357,487	\$ 111,527
Liabilities:	\$ 108,355	\$1,360,659	\$1,357,487	\$ 111,527

## **OTHER SCHEDULES**

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**This section includes additional information on property taxes.**

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

City of Laurinburg, North Carolina  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Addition</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	-	3,309,187	3,132,136	177,051
2018-2019	186,325	635	45,046	141,914
2017-2018	132,415	-	29,108	103,307
2016-2017	112,120	-	29,464	82,656
2015-2016	80,793	-	8,250	72,543
2014-2015	64,657	-	7,499	57,158
2013-2014	49,525	-	4,040	45,485
2012-2013	41,513	-	3,747	37,766
2011-2012	29,343	-	3,020	26,323
2010-2011	<u>22,917</u>	<u>-</u>	<u>2,721</u>	<u>20,196</u>
	<u>719,609</u>	<u>3,309,822</u>	<u>3,265,031</u>	764,400

Less: allowance for uncollectible accounts  
General Fund

189,741

Ad valorem taxes receivable - net

\$ 574,659

Reconcilement with revenues:

Ad valorem taxes - General Fund

3,276,000

Reconciling items:

Penalties and interest collected

(44,983)

Discounts allowed

14,181

Taxes written off

19,833

Subtotal

(10,969)

Total collections and credits

\$ 3,265,031

City of Laurinburg, North Carolina  
**Analysis of Current Tax Levy**  
**City-Wide Levy**  
For the Fiscal Year Ended June 30, 2020

	City-Wide		Total Levy	
	Property Valuation	Rate	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:				
Property taxed at current rate	\$ 800,524,230	.40	\$ 3,202,097	\$ 2,830,425
Discoveries	27,972,788		111,891	111,891
Abatements	(1,200,203)		(4,801)	(4,801)
Total property valuation	<u>\$ 827,296,815</u>			
Net levy			3,309,187	2,937,515
Unpaid (by taxpayer) taxes at June 30, 2020			<u>177,051</u>	<u>177,051</u>
Current year's taxes collected			<u>\$ 3,132,136</u>	<u>\$ 2,760,464</u>
Current levy collection percentage			94.65%	93.97%

## **COMPLIANCE SECTION**



**Roche, Head & Associates, PLLC**

• CERTIFIED PUBLIC ACCOUNTANTS •

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

**Independent Auditor's Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the [accompanying] financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laurinburg, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the City of Laurinburg's basic financial statements, and have issued our report thereon dated November 30, 2020.

**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 our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Laurinburg's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

#### Compliance and Other Matters

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

#### Purpose of this Report

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

*Roche, Head & Associates, PLLC*

ROCHE, HEAD & ASSOCIATES, PLLC

Laurinburg, North Carolina

November 30, 2020





# Roche, Head & Associates, PLLC

• CERTIFIED PUBLIC ACCOUNTANTS •

## **Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act**

### **Independent Auditor's Report**

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

#### **Report on Compliance for Each Major Federal Program**

We have audited the City of Laurinburg, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Laurinburg's major federal programs for the year ended June 30, 2020. The City of Laurinburg's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Laurinburg's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Laurinburg's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.



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

### **Opinion on Each Major State Program**

In our opinion, the City of Laurinburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

### **Report on Internal Control Over Compliance**

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

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

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

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

*Roche, Head & Associates, PLLC*  
ROCHE, HEAD & ASSOCIATES, PLLC  
Laurinburg, North Carolina  
November 30, 2020



**CITY OF LAURINBURG, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2020**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Fed. (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>
<b>Federal Grants:</b>				
<b>Cash Programs:</b>				
<u>U. S. Department of Homeland Security</u>				
Passed-through N.C. Department of Public Safety				
Disaster Grants - Public Assistance				
(Presidentially Declared Disasters)	97.036	PA-165-37220-00	9,777	-
<u>U. S. Department of Housing and Urban Development</u>				
Passed-through N.C. Department of Environmental Quality				
Community Development Block Grant	14.228	17-I-2966	165,130	-
Total assistance - federal programs			174,907	-
<b>State Grants:</b>				
<b>Cash Assistance:</b>				
<u>N.C. Department of Transportation</u>				
Powell Bill		38570	-	446,671
<u>N.C. Department of Commerce</u>				
Rural Economic Development Division				
Industrial Development		U464	-	91,536
Industrial Development		U478	-	1,004,042
Industrial Development - Total			-	1,095,578
<u>N.C. Department of Environmental Quality</u>				
Community Waste Reduction and Recycling Grant Program		7585	-	2,000
Total assistance-State programs			-	1,544,249
Total assistance			\$ 174,907	\$ 1,544,249

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

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Laurinburg under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Laurinburg, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Laurinburg.

**Note 2: Summary of Significant Accounting Policies**

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

**Note 3: Indirect Cost Rate**

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

