

**REVIEWED**

*By SLGFD at 2:19 pm, Jan 07, 2022*

Statement of  
CITY OF LAURINBURG  
Laurinburg, North Carolina  
June 30, 2021



**City of Laurinburg, North Carolina**  
**Table of Contents**  
**June 30, 2021**

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

Required Supplemental Financial Data:

A-1	Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System	53
A-2	Schedule of Contributions to Local Government Employees' Retirement System	54
A-3	Schedule of Changes in Total Pension Liability	55
A-4	Schedule of Total Pension Liability as a Percentage of Covered Payroll	56
A-5	Schedule of Changes in the Total OPEB Liabilities	57

Individual Fund Statements and Schedules:

B	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	58-64
B-1	Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - City Hall	65
C-1	Combining Balance Sheet for Nonmajor Governmental Funds	66
C-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance for Nonmajor Governmental Funds	67
C-3	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Downtown Revitalization	68
C-4	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - North Fire Station	69

Statements of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual:

D-1	Electric Fund	70-71
D-2	Water and Sewer Fund	72-74
D-3	Solid Waste Fund	75-76
D-4	CDBG Produce Market Wastewater	77
D-5	Phase 1	78
D-6	Electric Substation	79

Other Schedules: .

E-1	Schedule of Ad Valorem Taxes Receivable	80
E-2	Analysis of Current Tax Levy - City-Wide Levy	81

Compliance Section:

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	82-83
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	84-86
Schedule of Findings and Questioned Costs	87
Schedule of Expenditures of Federal and State Awards	88

## **FINANCIAL SECTION**



**Roche, Head & Associates, PLLC**

• CERTIFIED PUBLIC ACCOUNTANTS •

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, 2021, 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, 2021, 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.

### **Emphasis of Matter**

As discussed in Note VII to the financial statements, effective July 1, 2020, the entity adopted new accounting guidance promulgated in GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***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 57, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 53 and 54, 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 55 and 56 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, 2021, 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, 2021

## **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, 2021. 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**

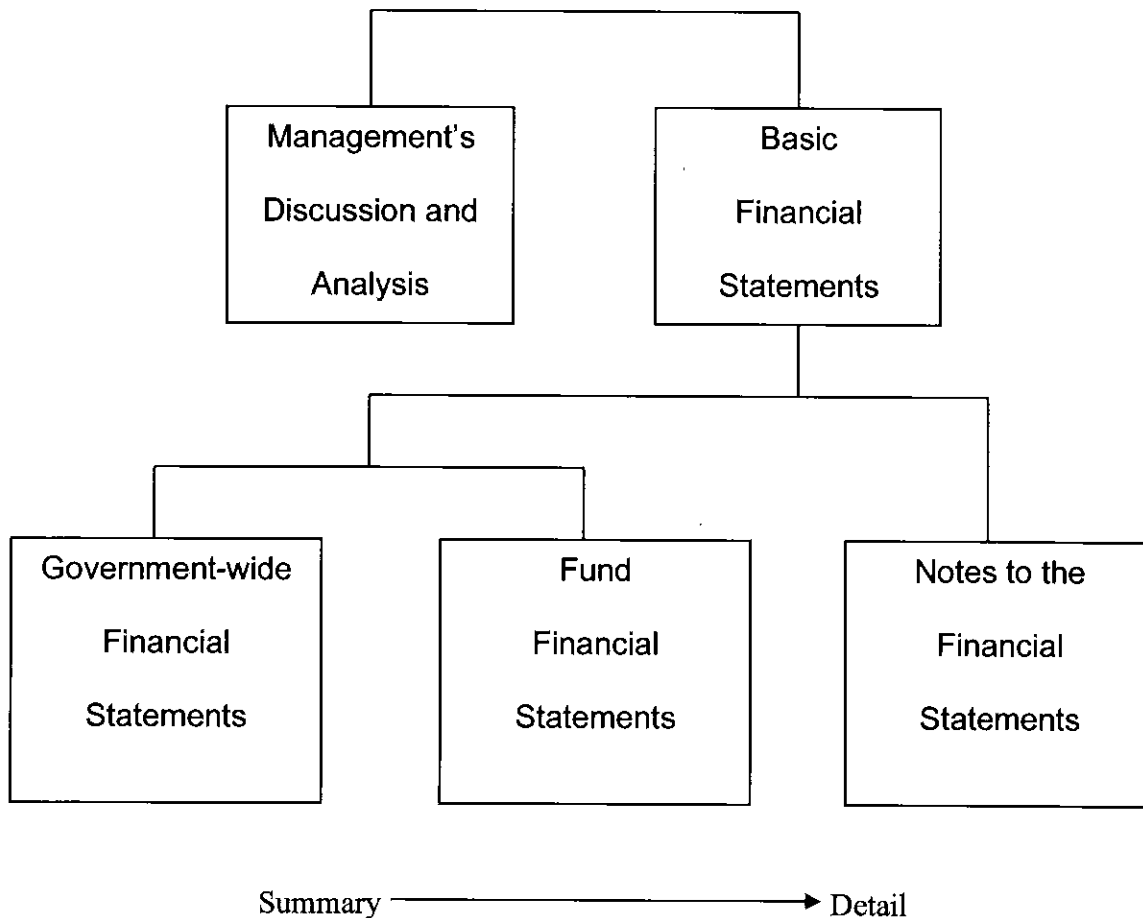
- The assets and the deferred outflows of the City of Laurinburg exceeded its liabilities and deferred inflows at the close of the fiscal year by \$59,424,095 (*net position*).
- The government's total net position increased by \$3,686,826 primarily due to a controlled budget.
- As of the close of the current fiscal year, the City of Laurinburg's governmental funds reported combined ending fund balances of \$4,075,229 an increase of \$870,578. Approximately 25.32% of this total amount or \$1,031,672 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,311,326 or 31.18% of total general fund expenditures for the fiscal year.
- The City of Laurinburg's total debt decreased by \$9,856, .05% 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 25 - 52 of this report.**

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

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

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 4,769,291	\$ 3,890,759	\$ 12,137,464	\$ 13,093,622	\$ 16,906,755	\$ 16,984,381
Capital assets	12,429,569	13,039,129	48,805,772	44,456,756	61,235,341	57,495,885
Deferred outflows of resources	2,099,693	1,349,706	941,456	775,125	3,041,149	2,124,831
Total assets and deferred outflows of resources	19,298,553	18,279,594	61,884,692	58,325,503	81,183,245	76,605,097
Long-term liabilities outstanding	10,158,742	9,477,569	6,488,918	7,320,075	16,647,660	16,797,644
Other liabilities	773,783	630,741	3,994,856	3,149,963	4,768,639	3,780,704
Deferred inflows of resources	245,026	202,907	97,825	86,575	342,851	289,482
Total liabilities and deferred inflows of resources	11,177,551	10,311,217	10,581,599	10,556,613	21,759,150	20,867,830
Net position:						
Net investment in capital assets	7,499,298	7,660,156	46,183,504	40,965,686	53,682,802	48,625,842
Restricted	487,982	556,979	-	-	487,982	556,979
Unrestricted	133,722	(248,758)	5,119,589	6,803,204	5,253,311	6,554,446
Total net position	\$ 8,121,002	\$ 7,968,377	\$ 51,303,093	\$ 47,768,890	\$ 59,424,095	\$ 55,737,267

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 \$59,424,095 as of June 30, 2021. The City's net position increased by \$3,686,826 for the fiscal year ended June 30, 2021. However, the largest portion 90.33% 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 .82% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,253,311 is unrestricted.

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

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

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

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 327,287	\$ 202,007	\$ 23,388,677	\$ 24,297,167	\$ 23,715,964	\$ 24,499,174
Operating grants and contributions	798,707	451,732	-	1,442,322	798,707	1,894,054
Capital grants and contributions	-	-	1,881,878	50,469	1,881,878	50,469
General revenues:						
Property taxes	3,356,040	3,257,349	-	-	3,356,040	3,257,349
Other taxes	3,059,045	2,763,724	-	-	3,059,045	2,763,724
Other	355,417	796,788	362,502	720,141	717,919	1,516,929
Total revenues	<u>7,896,496</u>	<u>7,471,600</u>	<u>25,633,057</u>	<u>26,510,099</u>	<u>33,529,553</u>	<u>33,981,699</u>
<b>Expenses:</b>						
General government	611,941	643,925	-	-	611,941	643,925
Public safety	5,000,158	4,700,307	-	-	5,000,158	4,700,307
Public works	435,887	647,973	-	-	435,887	647,973
Transportation	686,699	688,585	-	-	686,699	688,585
Animal control	80,038	80,044	-	-	80,038	80,044
Cemetery	204,755	193,283	-	-	204,755	193,283
Community development	958,144	1,077,682	-	-	958,144	1,077,682
Electric	-	-	13,301,049	13,222,247	13,301,049	13,222,247
Water and sewer	-	-	6,424,720	6,658,460	6,424,720	6,658,460
Interest on long-term debt	134,206	144,797	134,608	157,008	268,814	301,805
Solid waste	-	-	2,419,422	2,492,288	2,419,422	2,492,288
Total expenses	<u>8,111,828</u>	<u>8,176,596</u>	<u>22,279,799</u>	<u>22,530,003</u>	<u>30,391,627</u>	<u>30,706,599</u>
Increase (decrease) in net position before transfers	(215,332)	(704,996)	3,353,258	3,980,096	3,137,926	3,275,100
Transfers	367,957	553,402	(367,957)	(553,402)	-	-
Extraordinary item:	-	-	548,900	(1,182,830)	548,900	(1,182,830)
Increase (decrease) in net position	152,625	(151,594)	3,534,201	2,243,864	3,686,826	2,092,270
Beginning 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>
Net position, June 30	<u>\$ 8,121,002</u>	<u>\$ 7,968,377</u>	<u>\$ 51,303,091</u>	<u>\$ 47,768,890</u>	<u>\$ 59,424,093</u>	<u>\$ 55,737,267</u>

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

**Governmental activities.** Governmental activities increased the City's governmental net position by \$152,625. The increase in net position was the result of controlled expenditures in the general fund.

**Business-type activities:** Business-type activities increased the City of Laurinburg's net position by \$3,534,201. 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 \$2,853,741, while total fund balance reached \$3,346,025. 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 38.51% of general fund expenditures, while total fund balance represents 45.15% of the same amount.

At June 30, 2021, the governmental funds of City of Laurinburg reported a combined fund balance of \$4,075,229 with a net increase in fund balance of \$870,578. Included in this change in fund balance is an increase 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 \$3,674,287 and those for the Electric Fund amounted to \$1,251,514, and those for the Solid Waste Fund amounted to \$193,788. 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 net investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$53,682,802 (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 \$4,050,110.
- Equipment \$238,366.
- Vehicles \$226,323.
- Other Infrastructure \$2,099,017.
- Electric substation \$1,608,826.

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

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 340,185	\$ 340,185	\$ 561,661	\$ 561,661	\$ 901,846	\$ 901,846
Construction in progress	65,603	-	7,711,986	4,955,876	7,777,589	4,955,876
Buildings and system	8,919,737	9,123,725	37,352,824	36,277,614	46,272,561	45,401,339
Improvements other than buildings	2,095,614	2,353,115	-	-	2,095,614	2,353,115
Machinery and equipment	11,052	132,625	1,547,865	625,971	1,558,917	758,596
Infrastructure	317,204	365,714	-	-	317,204	365,714
Vehicles and motorized equipment	680,174	723,765	1,631,436	2,035,635	2,311,610	2,759,400
	<u>\$ 12,429,569</u>	<u>\$ 13,039,129</u>	<u>\$ 48,805,772</u>	<u>\$ 44,456,757</u>	<u>\$ 61,235,341</u>	<u>\$ 57,495,886</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	
	2021	2020	2021	2020	2021	2020
Installment debt	\$ 4,930,270	\$ 5,378,973	\$ 5,066,271	\$ 6,138,739	\$ 9,996,541	\$ 11,517,712
OPEB	1,469,827	1,246,304	939,724	866,731	2,409,551	2,113,035
Pension liability (LGERS)	2,258,262	1,784,292	1,443,807	1,239,931	3,702,069	3,024,223
Pension related debt (LEO)	1,786,134	1,268,194	-	-	1,786,134	1,268,194
Compensated absences	364,117	355,012	219,909	210,001	584,026	565,013
Total	<u>\$ 10,808,610</u>	<u>\$ 10,032,775</u>	<u>\$ 7,669,711</u>	<u>\$ 8,455,402</u>	<u>\$ 18,478,321</u>	<u>\$ 18,488,177</u>

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

The City of Laurinburg's total debt decreased by \$9,856, .05% 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 \$66,981,745.

Additional information regarding the City's long-term debt can be found in Note 5-a beginning on Page 48 of this report.

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

The City of Laurinburg continues to show a strong commitment to economic development by continuing to fund in FY 22 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 the last two years.

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.

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

**Budget Highlights for the Fiscal Year Ending June 30, 2022**

**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 21. 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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,687,446	\$ 7,489,070	\$ 11,176,516
Receivables (net)	533,217	2,104,948	2,638,165
Other receivables	5,319	-	5,319
Due from other governments	458,555	188,749	647,304
Notes receivable	1,204	-	1,204
Inventories	24,208	1,258,024	1,282,232
Prepaid items	4,202	48,076	52,278
Restricted cash	48,849	1,048,597	1,097,446
Total current assets	<u>4,763,000</u>	<u>12,137,464</u>	<u>16,900,464</u>
Non-current assets:			
Notes receivable	6,291	-	6,291
Capital assets:			
Land, non-depreciable improvements, and construction in progress	405,788	8,273,647	8,679,435
Other capital assets, net of depreciation	<u>12,023,781</u>	<u>40,532,125</u>	<u>52,555,906</u>
Total capital assets	<u>12,429,569</u>	<u>48,805,772</u>	<u>61,235,341</u>
Total assets	<u>\$ 17,198,860</u>	<u>\$ 60,943,236</u>	<u>\$ 78,142,096</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals - LGRS	1,215,146	776,897	1,992,043
Pension deferrals - LEO	627,159	-	627,159
OPEB deferrals	257,388	164,559	421,947
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 123,915	\$ 1,881,414	\$ 2,005,329
Current portion of long-term liabilities	649,868	1,180,794	1,830,662
Customer deposits	-	932,648	932,648
Total current liabilities	<u>773,783</u>	<u>3,994,856</u>	<u>4,768,639</u>
Long-term liabilities:			
Due in more than one year	<u>10,158,742</u>	<u>6,488,918</u>	<u>16,647,660</u>
Total liabilities	<u>10,932,525</u>	<u>10,483,774</u>	<u>21,416,299</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	5,243	-	5,243
Prepaid FEMA funds	24,741	-	24,741
Pension deferrals	158,755	61,839	220,594
OPEB deferrals	<u>56,287</u>	<u>35,986</u>	<u>92,273</u>
Total deferred inflows of resources	<u>245,026</u>	<u>97,825</u>	<u>342,851</u>
<b>NET POSITION</b>			
Net investment in capital assets	7,499,298	46,183,504	53,682,802
Restricted for:			
Downtown revitalization	24,108	-	24,108
Stabilization by state statute	463,874	-	463,874
Unrestricted	<u>133,722</u>	<u>5,119,589</u>	<u>5,253,311</u>
Total net position	<u>\$ 8,121,002</u>	<u>\$ 51,303,093</u>	<u>\$ 59,424,095</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, 2021

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	\$ 611,941	\$ 18,440	\$ -	\$ -	\$ (593,501)	\$ -	\$ (593,501)
Public safety	5,000,158	122,898	377,161	-	(4,500,099)	-	(4,500,099)
Public works	435,887	-	-	-	(435,887)	-	(435,887)
Transportation	686,699	-	421,546	-	(265,153)	-	(265,153)
Animal control	80,038	-	-	-	(80,038)	-	(80,038)
Cemetery	204,755	171,867	-	-	(32,888)	-	(32,888)
Community development	958,144	14,082	-	-	(944,062)	-	(944,062)
Interest on long-term debt	134,206	-	-	-	(134,206)	-	(134,206)
Total governmental activities	8,111,828	327,287	798,707	-	(6,985,834)	-	(6,985,834)
Business-type activities:							
Electric	13,338,701	14,418,499	-	-	-	1,079,798	1,079,798
Water and sewer	6,518,332	6,617,244	-	1,881,878	-	1,980,790	1,980,790
Solid waste	2,422,766	2,352,934	-	-	-	(69,832)	(69,832)
Total business-type activities	22,279,799	23,388,677	-	1,881,878	-	2,990,756	2,990,756
Total primary government	\$ 30,391,627	\$ 23,715,964	\$ 798,707	\$ 1,881,878	\$ (6,985,834)	\$ 2,990,756	\$ (3,995,078)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					3,356,040	-	3,356,040
Other taxes					3,059,045	-	3,059,045
Unrestricted investment earnings					712	2,129	2,841
Miscellaneous					354,705	360,373	715,078
Extraordinary item: Gain on insurance recovery					-	548,900	548,900
Total general revenues not including transfers					6,770,502	911,402	7,681,904
Transfers					367,957	(367,957)	-
Total general revenues and transfers					7,138,459	543,445	7,681,904
Change in net position					152,625	3,534,201	3,686,826
Net position beginning					7,968,377	47,768,890	55,737,267
Net position ending					\$ 8,121,002	\$ 51,303,091	\$ 59,424,095

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

City of Laurinburg, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2021

**ASSETS**

## Current assets:

	Major Funds		Total	Total
	General	City Hall Project Fund	Non-Major Funds	Governmental Funds
Cash and cash equivalents	\$ 2,971,474	\$ -	\$ 715,972	\$ 3,687,446
Restricted cash	24,741	-	24,108	48,849
Taxes receivable (net)	533,217	-	-	533,217
Other receivables	5,319	-	-	5,319
Prepaid expenses	4,202	-	-	4,202
Due from other governments	458,555	-	-	458,555
Inventories	24,208	-	-	24,208
Total assets	4,021,716	-	740,080	4,761,796

**LIABILITIES**

## Liabilities

## Current liabilities:

Accounts payable and accrued liabilities	112,490	-	10,876	123,366
Total liabilities	112,490	-	10,876	123,366

**DEFERRED INFLOWS OF RESOURCES**

Property taxes receivable	533,217	-	-	533,217
Prepaid FEMA funds	24,741	-	-	24,741
Prepaid taxes	5,243	-	-	5,243
Total deferred inflows of resources	563,201	-	-	563,201

**FUND BALANCES**

## Non spendable:

Inventories	24,208	-	-	24,208
Prepaid expenses	4,202	-	-	4,202
Perpetual maintenance	-	-	515,280	515,280

## Restricted:

Stabilization by state statute	463,874	-	-	463,874
Downtown revitalization	-	-	24,108	24,108

## Assigned

Future bond debt	542,415	-	-	542,415
Fire Station	-	-	78,920	78,920
Downtown revitalization	-	-	110,896	110,896
Unassigned	2,311,326	-	-	2,311,326
Total fund balances	3,346,025	-	729,204	4,075,229

Total liabilities, deferred inflows of  
resources and fund balances

\$ 4,021,716      \$ -      \$ 740,080

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

Total Fund Balance, Governmental Funds \$ 4,075,229  
Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds.

Gross capital assets at historical cost 20,504,486  
Accumulated depreciation (8,074,917) 12,429,569

Deferred outflows of resources related to pensions are not reported in the funds - LGRS 1,215,146  
- LEO 627,159 1,842,305

Deferred outflows of resources related to OPEB are not reported in the funds 257,389

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

Deferred taxes 532,669

Notes receivable at net realizable value 7,494

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

Gross long-term debt-financing agreements (4,930,271)  
Other post employment benefits (1,469,827)  
Other retirement liabilities for LEO (1,786,134)  
Compensated absences (364,117)  
Net pension liability-LGRS (2,258,262) (10,808,611)

Deferred inflows of resources related to pensions are not reported in the funds - LGRS (96,722)

Deferred inflows of resources related to pensions are not reported in the funds - LEO (62,033)

Deferred inflows of resources related to OPEB are not reported in the funds (56,287)

Net position of governmental activities \$ 8,121,002

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, 2021

	Major Funds		Total	Total
	General Fund	City Hall Project Fund	Non-Major Funds	Governmental Funds
<b>REVENUES</b>				
Ad valorem taxes	\$ 3,376,377	\$ -	\$ 21,105	\$ 3,397,482
Other taxes and licenses	1,393,540	-	-	1,393,540
Unrestricted intergovernmental	1,665,505	-	-	1,665,505
Restricted intergovernmental	798,707	-	-	798,707
Permits and fees	18,440	-	-	18,440
Sales and services	257,581	-	37,184	294,765
Investment earnings	645	-	67	712
Miscellaneous	385,419	-	-	385,419
Total revenues	7,896,214	-	58,356	7,954,570
<b>EXPENDITURES</b>				
Current:				
General government	483,695	-	-	483,695
Community development	905,002	8,995	33,316	947,313
Public safety	4,233,525	-	-	4,233,525
Transportation	539,809	-	-	539,809
Public works	422,985	-	-	422,985
Animal control	69,891	-	-	69,891
Cemetery	173,026	-	-	173,026
Debt service:				
Principal payments	448,702	-	-	448,702
Interest and other charges	134,206	-	-	134,206
Total expenditures	7,410,841	8,995	33,316	7,453,152
Excess of revenues over (under) expenditures	485,372	(8,995)	25,040	501,416
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	367,957	-	-	367,957
Transfers to other funds	(121,923)	-	121,923	-
Proceeds from collections of notes receivable	1,204	-	-	1,204
Total other financing sources (uses)	247,238	-	121,923	369,161
Net change in fund balance	732,610	(8,995)	146,963	870,578
Fund balances-beginning	2,613,415	8,995	582,241	3,204,651
Fund balances-ending	\$ 3,346,025	\$ -	\$ 729,204	\$ 4,075,229

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, 2021

Amounts reported for governmental activities in the Statement of  
Activities are different because:

Net changes in fund balances - total governmental funds \$ 870,578

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	222,106	
Depreciation expense for governmental assets	(831,665)	
Difference in gain or loss on sale of assets	<u>-</u>	(609,559)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		445,242
---	--	---------

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		70,954
--	--	--------

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities		108,218
--	--	---------

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

Change in unavailable revenue for tax revenues		(41,442)
--	--	----------

Payments of notes receivable		(1,202)
------------------------------	--	---------

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		448,702
--------------------------------------	--	---------

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	(9,105)	
Pension expense (LGERS)	(756,421)	
Pension expense (LEO)	(212,652)	
OPEB plan expense	<u>(160,688)</u>	<u>(1,138,866)</u>

Total changes in net position of governmental activities		<u>\$ 152,625</u>
--	--	-------------------

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

City of Laurinburg, North Carolina  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2021

	General Fund			Variance with Final Budget- Positive (Negative)
	Budget		Actual	
	Original	Final	Amounts	
<b>REVENUES</b>				
Ad valorem taxes	\$ 3,289,190	\$ 3,289,190	\$ 3,376,377	\$ 87,187
Other taxes and licenses	1,302,900	1,302,900	1,393,540	90,640
Unrestricted intergovernmental	1,605,000	1,605,000	1,665,505	60,505
Restricted intergovernmental	469,741	798,790	798,707	(83)
Permits and fees	9,100	9,100	18,440	9,340
Sales and services	168,500	168,500	257,581	89,081
Investment earnings	5,500	5,500	645	(4,855)
Miscellaneous	354,709	354,709	385,419	30,710
Total revenues	7,204,640	7,533,689	7,896,214	362,525
<b>EXPENDITURES</b>				
General government	610,764	640,174	483,695	156,479
Community development	1,058,826	1,058,826	905,002	153,824
Public safety	4,622,529	4,622,529	4,233,525	389,004
Transportation	613,084	613,084	539,809	73,275
Public works	676,314	676,314	422,985	253,329
Animal control	85,104	85,104	69,891	15,213
Cemetery	194,627	194,627	173,026	21,601
Debt service:				
Principal retirement	-	451,401	448,702	2,699
Interest and other charges	133,045	134,206	134,206	-
Total expenditures	7,994,293	8,476,265	7,410,841	1,065,424
Excess (deficiency) of revenues over expenditures	(789,653)	(942,576)	485,372	1,427,948
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	367,957	367,957	367,957	-
Transfers to other funds	(121,923)	(121,923)	(121,923)	-
Proceeds from collections of notes receivable	1,204	1,204	1,204	-
Total other financing sources (uses)	247,238	247,238	247,238	-
Appropriated fund balance	542,415	695,338	-	(695,338)
Net change in fund balance	\$ -	\$ -	732,610	\$ 732,610
Fund balances-beginning of year			2,613,415	
Fund balances-end of year			\$ 3,346,025	

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, 2021

	Major Enterprise Funds			June 30, 2021
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,642,530	\$ 5,466,473	\$ 380,067	\$ 7,489,070
Accounts receivable (net)	1,291,178	567,204	246,566	2,104,948
Due from other governments	766	21,618	166,365	188,749
Inventories	1,062,476	188,373	7,175	1,258,024
Prepaid items	48,000	76	-	48,076
Restricted cash and equivalents	750,326	298,271	-	1,048,597
Total current assets	4,795,276	6,542,015	800,173	12,137,464
Land and construction in progress	4,431,075	3,820,072	22,500	8,273,647
Other capital assets net of depreciation	6,029,446	33,542,010	960,669	40,532,125
Capital assets	10,460,521	37,362,082	983,169	48,805,772
Total noncurrent assets				
Total assets	15,255,797	43,904,097	1,783,342	60,943,236
<b>Deferred Outflows of Resources</b>				
Pension deferrals	199,204	358,568	219,125	776,897
OPEB	42,195	75,950	46,414	164,559
<b>Liabilities and fund equities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,115,773	668,878	96,763	1,881,414
Compensated absences-current	33,448	46,092	41,410	120,950
Installment financing notes payable	159,945	873,721	26,178	1,059,844
Liabilities payable from restricted assets:				
Customer deposits	750,326	182,322	-	932,648
Total current liabilities	2,059,492	1,771,013	164,351	3,994,856
Non-current liabilities:				
Compensated absences payable	27,367	37,712	33,880	98,959
Net pension liability	370,207	666,372	407,228	1,443,807
Total OPEB liability	240,955	433,719	265,051	939,725
Installment financing notes payable	1,236,390	2,663,947	106,090	4,006,427
Total non-current liabilities	1,874,919	3,801,750	812,249	6,488,918
Total liabilities	3,934,411	5,572,763	976,600	10,483,774
<b>Deferred Inflows of Resources</b>				
Pension deferrals	15,856	28,541	17,442	61,839
OPEB deferrals	9,227	16,609	10,150	35,986
<b>Net position</b>				
Net investment in capital assets	10,286,188	35,046,415	850,901	46,183,504
Unrestricted	1,251,514	3,674,287	193,788	5,119,589
Total net position	\$ 11,537,702	\$ 38,720,702	\$ 1,044,689	\$ 51,303,093

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, 2021

	Major Enterprise Funds			
	Electric Fund	Water and Sewer Fund	Solid Waste Fund	June 30, 2021
Operating revenues:				
Charges for services	\$ 14,174,707	\$ 6,503,416	\$ 2,352,934	\$ 23,031,057
Water and sewer taps	-	113,828	-	113,828
Fiber optic rental	243,792	-	-	243,792
Other operating revenues	208,228	186,917	46,621	441,766
Total operating revenues	<u>14,626,727</u>	<u>6,804,161</u>	<u>2,399,555</u>	<u>23,830,443</u>
Operating expenses:				
Administration	397,326	1,446,877	-	1,844,203
Solid waste operations	-	-	2,187,841	2,187,841
Finance	410,216	-	-	410,216
Electric operations	1,862,120	-	-	1,862,120
Electric power purchases	10,141,875	-	-	10,141,875
Water and sewer treatment and distribution	-	1,783,576	-	1,783,576
Waste collection and treatment	-	1,682,312	-	1,682,312
Depreciation	489,510	1,511,955	231,581	2,233,046
Total operating expenses	<u>13,301,047</u>	<u>6,424,720</u>	<u>2,419,422</u>	<u>22,145,189</u>
Operating income (loss)	<u>1,325,680</u>	<u>379,441</u>	<u>(19,867)</u>	<u>1,685,254</u>
Nonoperating revenues (expenses):				
Investment earnings	2,129	-	-	2,129
Gain (loss) on sale of fixed assets	(60,233)	(27,521)	6,361	(81,393)
Interest and fees	(37,652)	(93,612)	(3,344)	(134,608)
Total nonoperating revenues (expenses)	<u>(95,756)</u>	<u>(121,133)</u>	<u>3,017</u>	<u>(213,872)</u>
Income (loss) before contributions and transfers	1,229,924	258,308	(16,850)	1,471,382
Capital contributions	1,248,898	2,440,822	-	3,689,720
Asset transfer from other government	-	633,542	-	633,542
Transfers to other funds	<u>(1,067,957)</u>	<u>(1,192,486)</u>	<u>-</u>	<u>(2,260,443)</u>
Change in net position	1,410,865	2,140,186	(16,850)	3,534,201
Total net position-beginning	<u>10,126,836</u>	<u>36,580,517</u>	<u>1,061,537</u>	<u>47,768,890</u>
Total net position-ending	<u>\$ 11,537,702</u>	<u>\$ 38,720,702</u>	<u>\$ 1,044,689</u>	<u>\$ 51,303,093</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, 2021

	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	\$ 14,488,492	\$ 6,856,521	\$ 2,370,384	\$ 23,715,397
Cash paid for goods and services	(11,350,400)	(2,489,403)	(1,165,982)	(15,005,785)
Cash paid to or on behalf of employees for services	(981,467)	(1,780,196)	(996,648)	(3,758,311)
Customer deposits received	165,934	36,466	-	202,400
Customer deposits returned	(152,500)	(10,370)	-	(162,870)
Other operating revenues	208,228	409,992	14,931	633,151
Net cash provided by operating activities	2,378,287	3,023,010	222,685	5,623,982
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Capital contribution	700,000	1,245,569	-	1,945,569
Transfers (to) other funds	(1,067,957)	(1,192,486)	-	(2,260,443)
Total cash flows provided by (used in) noncapital financing activities	(367,957)	53,083	-	(314,874)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(1,699,940)	(4,261,556)	(74,744)	(6,036,240)
Interest paid on bond and installment financing contracts	(37,652)	(93,612)	(3,344)	(134,608)
Principal paid on bond and installment financing contracts	(159,945)	(873,271)	(38,802)	(1,072,018)
Insurance recovery	548,898	-	-	548,898
Cash received from sale of assets	-	3,250	6,361	9,611
Capital contributions-State grant	-	1,195,253	-	1,195,253
Net cash (used in) capital and related financing activities	(1,348,639)	(4,029,936)	(110,529)	(5,489,104)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	2,129	-	-	2,129
Net increase (decrease) in cash and cash equivalents	663,820	(953,843)	112,156	(177,867)
Balances - beginning of the year	1,729,036	6,718,587	267,911	8,715,534
Balances - end of the year	<u>\$ 2,392,856</u>	<u>\$ 5,764,744</u>	<u>\$ 380,067</u>	<u>\$ 8,537,667</u>

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, 2021

	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 (loss)	\$ 1,325,680	\$ 379,441	\$ (19,867)	\$ 1,685,254
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	489,510	1,511,955	231,581	2,233,046
Changes in assets, deferred outflows of resources, and liabilities:				
Decrease in accounts receivable	71,529	241,745	16,173	329,447
Increase (decrease) in allowance for doubtful accounts	(1,536)	(2,468)	1,282	(2,722)
(Increase) decrease in due to from other governments	45,846	223,075	(31,694)	237,227
(Increase) decrease in inventory	259,541	(54,407)	7,788	212,922
Decrease in prepaid items	1,493	76	-	1,569
(Increase) decrease in deferred outflows of resources-pensions	(26,295)	(47,331)	5,657	(67,969)
(Increase) in deferred outflows of resources-OPEB	(26,049)	(46,888)	(25,425)	(98,362)
Increase in net pension liability	67,785	122,012	14,079	203,876
Increase in deferred inflows of resources-pensions	5,277	9,498	5,805	20,580
(Decrease) in deferred inflows of resources-OPEB	(1,826)	(3,286)	(4,218)	(9,330)
Increase in accounts payable and accrued liabilities	119,754	599,858	36,401	756,013
Increase in customer deposits	13,434	26,096	-	39,530
Increase (decrease) in accrued vacation pay	4,587	10,431	(5,111)	9,907
Increase (decrease) in OPEB liability	29,557	53,203	(9,766)	72,994
Total adjustment	<u>1,052,607</u>	<u>2,643,569</u>	<u>242,552</u>	<u>3,938,728</u>
Net cash provided by operating activities	<u>\$ 2,378,287</u>	<u>\$ 3,023,010</u>	<u>\$ 222,685</u>	<u>\$ 5,623,982</u>

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, 2021**

**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, 2021.

**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 City has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. 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.

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

The City reports the following 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.

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

#### Collections of Water Fees

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

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

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

*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, 2021, 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	24,108
Total governmental activities	<u>48,849</u>

Business-Type Activities

Electric fund customer deposits	750,325
Water & sewer fund customer deposits	115,949
Utility payments collected for other governments	182,323
Total business-type activities	<u>1,048,597</u>
Total restricted cash	<u><u>1,097,446</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, 2019. 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 2021 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, 2021, the City's deposits had a carrying amount of \$323,652 and a bank balance of \$998,388. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the City's petty cash fund totaled \$1,700.

#### 2. Investments

At June 30, 2021, the City of Laurinburg had \$11,948,610 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 06/30/2021 - \$11,948,610

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	06/30/21
General Fund:	
Taxes receivable	\$ 204,058
Enterprise Funds	66,964
Total	<u>\$ 271,022</u>

### 4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>General Fund</b>				
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 65,603	\$ -	\$ 65,603
Land	340,185	-	-	340,185
Total capital assets not being depreciated	<u>340,185</u>	<u>65,603</u>	<u>-</u>	<u>405,788</u>
Capital assets being depreciated:				
Buildings	10,447,992	-	-	10,447,992
Other improvements	2,816,073	-	-	2,816,073
Equipment	1,892,296	33,482	-	1,925,778
Vehicles and motorized equipment	3,757,924	123,020	20,749	3,860,195
Infrastructure	1,048,660	-	-	1,048,660
Total capital assets being depreciated	<u>19,962,945</u>	<u>156,502</u>	<u>20,749</u>	<u>20,098,698</u>
Less accumulated depreciation for:				
Buildings	1,324,267	203,988	-	1,528,255
Other improvements	462,958	257,501	-	720,459
Equipment	1,759,671	155,055	-	1,914,726
Vehicles and motorized equipment	3,034,159	166,611	20,749	3,180,021
Infrastructure	682,946	48,510	-	731,456
Total accumulated depreciation	<u>7,264,001</u>	<u>831,665</u>	<u>20,749</u>	<u>8,074,917</u>
Total capital assets being depreciated, net	<u>\$12,698,944</u>			<u>\$ 12,023,781</u>
Governmental activity capital assets, net	<u>\$13,039,129</u>			<u>\$ 12,429,569</u>

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

General government	\$ 83,166
Public safety	457,416
Transportation	124,750
Public works	141,383
Cemetery	24,950
Total depreciation expense	<u>\$ 831,665</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	2,734,882	1,608,826	-	4,343,708
Total capital assets not being depreciated	2,822,249	1,608,826	-	4,431,075
<b>Capital assets being depreciated:</b>				
Substations, lines, and related equipment	15,031,247	-	185,159	14,846,088
Furniture and maintenance equipment	964,363	91,115	267,192	788,286
Vehicles	1,067,841	-	47,241	1,020,600
Total capital assets being depreciated	17,063,451	91,115	499,592	16,654,974
<b>Less accumulated depreciation for:</b>				
Substations, lines, and related equipment	9,228,607	313,976	137,831	9,404,752
Furniture and maintenance equipment	630,630	107,100	260,575	477,155
Vehicles	716,140	68,434	40,953	743,621
Total accumulated depreciation	10,575,377	489,510	439,359	10,625,528
Total capital assets being depreciated, net	6,488,074			6,029,446
<b>Electric fund capital assets, net</b>	<b>9,310,323</b>			<b>10,460,521</b>
<i>Water and Sewer Fund</i>				
<b>Capital assets not being depreciated:</b>				
Land	474,294	-	-	474,294
Construction in progress	2,220,994	2,726,693	1,601,909	3,345,778
Total capital assets not being depreciated	2,695,288	2,726,693	1,601,909	3,820,072
<b>Capital assets being depreciated:</b>				
Plant and distribution systems	53,830,193	3,612,823	-	57,443,016
Furniture and maintenance equipment	2,866,057	113,769	-	2,979,826
Vehicles	2,585,456	34,869	69,119	2,551,206
Total capital assets being depreciated	59,281,706	3,761,461	69,119	62,974,048
<b>Less accumulated depreciation for:</b>				
Plant and distribution systems	24,403,592	1,203,575	-	25,607,167
Furniture and maintenance equipment	2,257,606	157,477	-	2,415,083
Vehicles	1,309,338	150,903	50,453	1,409,788
Total accumulated depreciation	27,970,536	1,511,955	50,453	29,432,038
Total capital assets being depreciated, net	31,311,170			33,542,010
<b>Water and Sewer fund capital assets, net</b>	<b>34,006,458</b>			<b>37,362,082</b>
<i>Solid Waste Fund</i>				
<b>Capital assets not being depreciated:</b>				
Construction in Progress	-	22,500	-	22,500
Total capital assets not being depreciated	-	22,500	-	22,500
<b>Capital assets being depreciated:</b>				
Plant and distribution systems	187,516	52,274	-	239,790
Furniture and maintenance equipment	852,596	-	-	852,596
Vehicles	2,758,062	-	99,463	2,658,599
Total capital assets being depreciated	3,798,174	52,274	99,463	3,750,985
<b>Less accumulated depreciation for:</b>				
Plant and distribution systems	151,929	12,222	-	164,151
Furniture and maintenance equipment	156,023	24,582	-	180,605
Vehicles	2,350,246	194,777	99,463	2,445,560
Total accumulated depreciation	2,658,198	231,581	99,463	2,790,316
Total capital assets being depreciated, net	1,139,976			960,669
<b>Solid Waste fund capital assets, net</b>	<b>1,139,976</b>			<b>983,169</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 44,456,757</b>			<b>\$ 48,805,772</b>

## Construction Commitments

The government has active construction projects as of June 30, 2021. 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	\$ 9,056,484	\$ -
North Fire Station	\$ 23,003	\$ 1,362,894
Water Sewer Project-CDBG	\$ 1,497,232	\$ 502,768
Water Sewer Project-Wastewater Phase I	\$ 4,742,486	\$ 1,192,486
Substation Fund Project	\$ 4,948,900	\$ -
Total	<u>\$ 20,268,105</u>	<u>\$ 3,058,148</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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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, 2021, was 10.90% of compensation for law enforcement officers and 10.15% 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 \$728,062 for the year ended June 30, 2021.

**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, 2021, the City reported a liability of \$3,702,069 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the City's proportion was .10360%, which was a decrease of .00714% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$1,195,728. At June 30, 2021, 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	\$ 467,506	\$ -
Changes of assumptions	275,507	-
Net difference between projected and actual earnings on pension plan investments	520,967	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	158,560
City contributions subsequent to the measurement date	728,062	-
Total	<u>\$ 1,992,042</u>	<u>\$ 158,560</u>

\$158,560 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	288,691
2023	418,541
2024	244,010
2025	154,180
2026	-
	<u>1,105,422</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2019 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, 2019 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, 2020 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 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 percent) or one percentage point higher (8 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)	7,511,095	3,702,069	536,501

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State 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, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>40</u>
Total	<u>43</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, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 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, 2019.

Mortality rates are based on the MP-2019 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 \$70,394 as benefits came due for the reporting period.

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

At June 30, 2021, the City reported a total pension liability of \$1,786,134. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$212,652.

	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Differences between expected and actual experience	\$ 106,197	\$ 33,946
Changes of assumptions	485,765	28,087
County benefit payments and plan administrative expense made subsequent to the measurement date	35,197	-
Total	<u>\$ 627,159</u>	<u>\$ 62,033</u>

\$35,197 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

#### Year ended June 30:

2022	\$ 18,550
2023	16,254
2024	13,239
2025	6,906
2026	5,620
Thereafter	1,464

*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 1.93 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 (.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease <u>0.93%</u>	Discount Rate <u>1.93%</u>	1% Increase <u>2.93%</u>
City's proportionate share of the net pension liability	\$ 1,940,639	\$ 1,786,134	\$ 1,644,241

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

	<u>2021</u>
Beginning balance	1,268,194
Service cost	60,992
Interest on the total pension liability	40,235
Changes in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(35,184)
Changes of assumptions or other inputs	519,856
Benefit payments	(67,959)
Other changes	-
Ending balance of the total pension liability	<u><u>1,786,134</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, 2019 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 756,421	\$ 212,652	\$ 969,073
Pension liability	3,702,069	1,786,134	5,488,203
Proportionate share of the net pension liability	0.10360%	N/A	-
Deferred outflows of resources			
Differences between expected and actual experience	467,506	106,197	573,703
Changes of assumptions	275,507	485,765	761,272
Net difference between projected and actual earnings on plan investments	520,967	-	520,967
Benefit payments and administrative costs paid subsequent to the measurement date	728,062	35,197	763,259
Deferred inflows of resources			
Differences between expected and actual experience	-	33,946	33,946
Changes of assumptions	-	28,087	28,087
Changes in proportion and differences between contributions and proportionate share of contributions	158,560	-	158,560

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, 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, 2021 were \$153,747, which consisted of \$106,384 from the City and \$47,363 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 \$2,409,552 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	2.21 percent
Healthcare cost trend rates	Medical - 7.00%
	Prescription - 7.00%
	Admin Expenses - 3.00%

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

## Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	2,113,036
Changes for the year	
Service cost	80,108
Interest	74,301
Changes of benefit terms	-
Differences between expected and actual experience	28,370
Changes in assumptions or other inputs	255,470
Benefit payments	(141,733)
Net changes	296,516
Balances at June 30, 2021	<u>2,409,552</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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 (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	Discount Rate		
	<u>1% Decrease</u>	<u>(2.21%)</u>	<u>1% Increase</u>
Total OPEB liability	\$ 2,629,562	\$ 2,409,552	\$2,208,811

*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:

	Current Discount Rate		
	1% Increase (Medical-6.00%, Prescription-6.00%, <u>Admin Expenses 2.00%</u> )	(Medical-7.00%, Prescription-7.00%, Admin Expenses- <u>3.00%</u> )	1% Increase (Medical -8.00%, Prescription - 8.00%, <u>Admin Expenses - 4.00%</u> )
Total OPEB liability	\$ 2,133,441	\$ 2,409,552	\$ 2,735,282

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$125,990. At June 30, 2021, 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	\$ 54,049	\$ 369
Changes of assumptions	259,680	91,905
Benefit payments and administrative costs made subsequent to the measurement date	108,218	-
Total	<u>\$ 421,947</u>	<u>\$ 92,274</u>

\$108,218 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

## **Year ended June 30:**

2022	21,933
2023	21,933
2024	21,933
2025	21,933
2026	25,525
Thereafter	108,198

### 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	\$ 728,062
Benefit payments made and administrative expenses for LEOSSA made subsequent to measurement date	35,197
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	108,218
Differences between expected and actual experience	627,752
Changes of assumptions	1,020,952
Net difference between projected and actual earnings	520,967
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
Total	<u>\$ 3,041,148</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)	5,243	5,243
Prepaid FEMA funds	24,741	24,741
Taxes receivable, less penalties (General Fund)	-	533,217
Changes in assumptions	119,992	-
Differences between expected and actual experience	34,315	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	158,560	-
Total	<u>342,851</u>	<u>563,201</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, 2021 is \$42,271 and is being serviced by the General 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, 2021 is \$2,315,667. 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, 2021 is \$174,333. The loan is serviced by the Electric Fund.

In November of 2015, the City entered into a \$258,980 installment contract with First Bank to finance the purchase of a side loader. The financing contract requires principal payments beginning in the fiscal year 2016-2017 with an interest rate of 1.80%. The loan is secured by the side loader as collateral. The remaining principal balance owed at June 30, 2021 is \$132,268. The loan is serviced by the Solid Waste Fund.

In fiscal 2018, the City entered into a \$9,165,000 non-general obligation bond financing agreement to build a new City Hall at a fixed rate of 2.60 percent. Interest only payments are made in fiscal 2018 with interest and principal payments to begin in fiscal 2019. \$6,110,000 of the total debt is serviced by the General Fund and the principal balance owed at June 30, 2021 is \$4,887,999. This note is secured by a deed of trust and security interest in the new City Hall.

In fiscal 2018, the City entered into a \$9,165,000 non-general obligation bond financing agreement to build a new City Hall at a fixed rate of 2.60 percent. Interest only payments are made in fiscal 2018 with interest and principal payments to begin in fiscal 2019. \$1,527,500 of the total debt is serviced by the Electric Fund and the principal balance owed at June 30, 2021 is \$1,222,000. This note is secured by a deed of trust and security interest in the new City Hall.

In fiscal 2018, the City entered into a \$9,165,000 non-general obligation bond financing agreement to build a new City Hall at a fixed rate of 2.60 percent. Interest only payments are made in fiscal 2018 with interest and principal payments to begin in fiscal 2019. \$1,527,500 of the total debt is serviced by the Water Fund and the principal balance owed at June 30, 2021 is \$1,222,000. 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, 2021, including \$1,235,025 of interest, are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
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	407,333	79,430	228,308	39,846
2027-2031	2,851,333	259,470	1,425,670	129,736
2031-2035	-	-	-	-
Total	<u>\$4,930,269</u>	<u>\$ 763,449</u>	<u>\$ 5,066,268</u>	<u>\$ 471,576</u>

At June 30, 2021, the City of Laurinburg had a legal debt margin of \$66,981,745.

**b. Changes in Long-term Liabilities**

	Beginning Balance July 1, 2020	Increases	Decreases	Ending Balance June 30, 2021	Current Portion of Balance
<b>Governmental activities:</b>					
Financing agreement	\$ 5,378,973	\$ -	\$ 448,703	\$ 4,930,270	\$ 449,604
Net pension liability (LGERS)	1,784,292	473,970	-	2,258,262	-
Net pension obligation (LEO)	1,268,194	517,940	-	1,786,134	-
Total OPEB liability	1,246,304	223,523	-	1,469,827	-
Compensated absences	355,012	206,779	197,674	364,117	200,264
Governmental activities long-term liabilities	<u>\$ 10,032,775</u>	<u>1,422,212</u>	<u>646,377</u>	<u>10,808,610</u>	<u>649,868</u>
<b>Business-type activities:</b>					
<u>Electric fund</u>					
Financing agreement	\$ 1,556,280	\$ -	\$ 159,945	\$ 1,396,335	\$ 159,945
Net pension liability (LGERS)	302,422	67,785	-	370,207	-
Total OPEB liability	211,398	29,557	-	240,955	-
Compensated absences	56,228	40,758	36,171	60,815	33,448
Electric fund activity long-term liabilities	<u>2,126,328</u>	<u>138,100</u>	<u>196,116</u>	<u>2,068,312</u>	<u>193,393</u>
<u>Water and sewer fund</u>					
Financing agreement	\$ 4,411,389	\$ -	\$ 873,721	\$ 3,537,668	\$ 873,721
Net pension liability (LGERS)	544,360	122,012	-	666,372	-
Total OPEB liability	380,516	53,203	-	433,719	-
Compensated absences	73,372	55,837	45,405	83,804	46,092
Water and sewer activity long-term liabilities	<u>5,409,637</u>	<u>231,052</u>	<u>919,126</u>	<u>4,721,563</u>	<u>919,813</u>
<u>Solid waste fund</u>					
Financing agreement	\$ 171,070	\$ -	\$ 38,802	\$ 132,268	\$ 26,178
Net pension liability (LGERS)	393,149	14,079	-	407,228	-
Total OPEB liability	274,817	-	9,767	265,050	-
Compensated absences	80,401	43,800	48,911	75,290	41,410
Solid waste activity long-term liabilities	<u>919,437</u>	<u>57,879</u>	<u>97,480</u>	<u>879,836</u>	<u>67,588</u>
Business activity long-term liabilities	<u>\$ 8,455,402</u>	<u>\$ 427,031</u>	<u>\$ 1,212,722</u>	<u>\$ 7,669,711</u>	<u>\$ 1,180,794</u>

Compensated absences typically have been liquidated in the General Fund.

At June 30, 2021, the City has various operating leases for equipment where title does not transfer to the City at the end of the lease.

**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, 2021. 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	\$ 12,429,569	\$ 48,805,772
Less: Long-term debt	<u>(4,930,271)</u>	<u>(2,622,268)</u>
Net investment in capital assets	<u>\$ 7,499,298</u>	<u>\$ 46,183,504</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	3,346,025
Less:	
Non-spendable - Prepaid expenses	4,202
Non-spendable - Inventories	24,208
Stabilization by State Statute	463,874
Future bond debt	542,415
Remaining fund balance	2,311,326

#### Interfund Balances and Activity

Transfer to/from other funds at June 30, 2021, consists of the following:

From the Electric Fund to the General Fund for payment in lieu of taxes	\$ 83,109
From the Electric Fund to fund the Electric Capital Project Fund	700,000
From the Electric Fund to the General Fund in accordance with §159B-39	284,848
From the General Fund to the Downtown Revitalization Fund for revitalization of downtown	20,000
From the General Fund to fund the Fire Station Capital Project Fund	101,923
From the Water Sewer Fund to fund the Water Sewer Phase I Project	<u>1,192,486</u>
Total	<u>\$2,382,366</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, 2021 were \$10,141,875.

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, 2021. 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, 2021 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. Change in Accounting Principle

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

As part of implementing the statement, the City performed a comprehensive review of its fiduciary relationships and applied the relationships and applied the criteria within the guidance. As a result, the only change this year and going forward is that there is no agency fund that will report the transactions related to collections of water district billings of other local governments. Instead, the City has elected to include the related asset (cash) and related liability (amount owed to local governments for collection of water district billings) within the water fund.

#### VIII. Extraordinary Item

During the fiscal year, the City experienced a storm that caused significant damage to its substation. The City was reimbursed \$548,900 by its insurance company.

#### IX. Significant Effects of Subsequent Events

Management has evaluated subsequent events through November 30, 2021, the date which the financial statements were available to be issued.

#### X. Rounding

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

Required  
Supplementary Financial Data

---

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

---

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

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

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Laurinburg's proportion of the net pension liability (asset) (%)	0.10360%	0.11074%	0.10932%	0.11536%	0.11442%	0.11703%	-0.11291%	0.10479%
Laurinburg's proportion of the net pension liability (asset) (\$)	3,702,069	3,024,223	2,593,444	1,762,381	2,428,375	525,268	(665,882)	1,263,242
Laurinburg's covered-employee payroll	7,009,505	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	52.81%	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%	98.09%	99.07%	102.64%	94.35%	96.45%

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

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

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

Local Government Employee's Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	728,062	644,607	570,476	487,905	468,631	420,613	422,356	410,782
Contributions in relation to the contractually required contribution	<u>728,062</u>	<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	7,009,505	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	10.39%	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, 2021

	2021	2020	2019	2018	2017
Beginning balance	1,268,194	1,101,967	1,028,878	961,796	976,112
Service cost	60,992	55,680	56,108	48,244	51,545
Interest on the total pension liability	40,235	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	(35,184)	87,573	92,736	(12,202)	-
Changes of assumptions and other inputs	519,856	38,149	(44,168)	-	-
Benefits payments	(67,959)	(54,298)	(63,103)	65,402	(24,500)
Other changes	-	-	-	(70,134)	(74,872)
Ending balance of the total pension liability	<u>1,786,134</u>	<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, 2021

	2021	2020	2019	2018
Total pension liability	1,786,134	1,268,194	1,101,967	1,028,878
Covered payroll	2,098,788	2,119,510	1,961,580	1,936,174
Total pension liability as a percentage of covered payroll	85.10%	59.83%	56.18%	53.14%

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

City of Laurinburg, North Carolina  
Schedule of Changes in Total OPEB Liabilities and Related Ratios  
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Service cost	80,108	74,985	77,470
Interest	74,301	75,888	70,455
Changes of benefit terms	-	-	-
Differences between expected and actual experience	28,370	31,972	5,969
Changes of assumptions	255,470	41,641	(58,014)
Benefit payments	<u>(141,733)</u>	<u>(123,430)</u>	<u>(124,834)</u>
Net change in total OPEB liability	296,516	101,056	(28,954)
Total OPEB liability-beginning	<u>2,113,036</u>	<u>2,011,980</u>	<u>2,040,934</u>
TOTAL OPEB LIABILITY-ENDING	<u>2,409,552</u>	<u>2,113,036</u>	<u>2,011,980</u>
 Covered payroll	 6,756,937	 6,756,937	 5,846,417
Total OPEB liability as a percentage of covered payroll	35.66%	31.27%	34.41%

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>
2021	2.21%
2020	3.50%
2019	3.56%

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 3,320,790	
Penalties and interest		55,587	
Total	3,289,190	3,376,377	87,187
Other taxes and licenses:			
Local option sales tax		1,392,501	
Animal taxes		444	
Privilege licenses		595	
Total	1,302,900	1,393,540	90,640
Unrestricted intergovernmental:			
Utility franchise tax		1,014,853	
Beer and wine tax		64,849	
Cable franchise		411,952	
Tax refunds - sales and gasoline		173,851	
Total	1,605,000	1,665,505	60,505
Restricted intergovernmental:			
Federal government grants		377,161	
Powell Bill allocation		421,546	
Total	798,790	798,707	(83)
Permits and fees:			
Court fees		2,188	
Chicken ownership fees		160	
Inspection fees		16,092	
Total	9,100	18,440	9,340

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Sales and services:			
Fire protection		122,898	
Cemetery lots		134,683	
Total	168,500	257,581	89,081
Investment earnings	5,500	645	(4,855)
Miscellaneous:			
Sale of materials and other assets		10,780	
Concessions and rentals		3,302	
Other		371,338	
Total	354,709	385,420	30,711
Total revenues	7,533,689	7,896,214	362,525
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		112,491	
Membership dues and subscriptions		24,789	
Other operating expenditures		26,895	
Reimbursement-proprietary funds		(158,527)	
Total	28,325	5,649	22,676
Administration:			
Salaries and employee benefits		253,624	
Other operating expenditures		30,650	
Reimbursement-proprietary funds		(246,550)	
Total	76,205	37,724	38,481

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Personnel/safety:			
Salaries and employee benefits		191,737	
Other operating expenditures		240,692	
Reimbursement-proprietary funds		(196,603)	
Total	303,828	235,826	68,002
Finance:			
Salaries and employee benefits		276,332	
Other operating expenditures		25,889	
Reimbursement-proprietary funds		(257,180)	
Total	45,950	45,042	908
Taxes:			
Salaries and employee benefits		68,778	
Collection fees		37	
Other operating expenditures		14,227	
Total	105,948	83,043	22,905
Public buildings:			
Salaries and employee benefits		26,881	
Other operating expenditures		28,114	
Total	57,925	54,995	2,930
Information technology:			
Other operating expenditures		144,518	
Reimbursement-proprietary funds		(123,103)	
Total	21,993	21,415	578
Total general government	640,174	483,695	156,479

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Community development:			
Administration:			
Salaries and employee benefits		218,845	
Other operating expenditures		65,972	
Contributions to local organizations		135,750	
Capital outlay		12,000	
Total	506,517	432,567	73,950
Planning:			
Salaries and employee benefits		81,902	
Other operating expenditures		23,194	
Total	119,199	105,096	14,103
Engineering:			
Salaries and employee benefits		101,040	
Other operating expenditures		24,285	
Reimbursement-proprietary funds		(109,505)	
Total	19,566	15,820	3,746
Beautification:			
Salaries and employee benefits		228,167	
Other operating expenditures		123,353	
Total	413,544	351,520	62,024
Total community development	1,058,826	905,002	153,824

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Public safety:			
Police:			
Salaries and employee benefits		2,663,034	
Vehicle maintenance		147,867	
Other operating expenditures		329,541	
Capital outlay		139,869	
Total	<u>3,618,697</u>	<u>3,280,311</u>	<u>338,386</u>
Fire:			
Salaries and employee benefits		496,933	
Vehicle maintenance		44,320	
Other operating expenditures		379,327	
Capital outlay		12,800	
Total	<u>965,266</u>	<u>933,380</u>	<u>31,886</u>
Rescue units:			
Operating expenditures		19,835	
Total	<u>38,566</u>	<u>19,835</u>	<u>18,731</u>
Total public safety	<u>4,622,529</u>	<u>4,233,525</u>	<u>389,004</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits		423,123	
Other operating expenditures		116,686	
Total	<u>613,084</u>	<u>539,809</u>	<u>73,275</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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Public works:			
Administration:			
Salaries and employee benefits		233,901	
Other operating expenditures		11,195	
Reimbursement proprietary funds		(216,816)	
Total	38,739	28,280	10,459
Storm drainage:			
Salaries and employee benefits		173,371	
Other operating expenditures		50,789	
Capital outlay		17,800	
Total	483,643	241,960	241,683
Garage:			
Salaries and employee benefits		114,976	
Other operating expenditures		25,980	
Capital outlay		11,789	
Total	153,932	152,745	1,187
Total public works	676,314	422,985	253,329
Animal control:			
Salaries and employee benefits		64,033	
Other operating expenditures		5,858	
Total	85,104	69,891	15,213

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, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
Cemetery:			
Salaries and employee benefits		139,078	
Other operating expenditures		33,948	
Total	194,627	173,026	21,601
Debt service:			
Principal retirement		448,702	
Interest and other charges		134,206	
Total	585,607	582,908	2,699
Total expenditures	8,476,265	7,410,841	1,065,424
Revenues over (under) expenditures	(942,576)	485,372	1,427,948
Other financing sources (uses):			
Transfers from other funds:			
Enterprise funds:			
Electric fund - Pilot	83,109	83,109	
Electric fund - GS §159B-39	284,848	284,848	
Transfers to other funds:			
To special revenue & capital project funds	(121,923)	(121,923)	
Collections of notes receivable	1,204	1,204	
Total other financing sources (uses)	\$ 247,238	247,237	\$ (1)
Fund balance appropriated	695,338		(695,338)
Net change in fund balance	\$ -	732,610	\$ 732,610
Fund balances:			
Beginning of year, July 1		2,613,415	
End of year, June 30		<u>\$ 3,346,025</u>	

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, 2021

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>					
City Hall Project:					
Investment earnings	\$ -	\$ 819	\$ -	\$ 819	\$ 819
Total revenues	-	819	-	819	819
<b>Expenditures</b>					
City Hall Project:					
Capital outlay:					
City hall construction	9,055,665	9,047,489	8,995	9,056,484	(819)
Total expenditures	9,055,665	9,047,489	8,995	9,056,484	(819)
Revenues (under) expenditures	(9,055,665)	(9,046,670)	(8,995)	(9,055,665)	-
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	\$ -	\$ 8,995	(8,995)	\$ -	\$ -
Fund balance, beginning			8,995		
Fund balance, ending			\$ -		

City of Laurinburg, North Carolina  
**Combining Balance Sheet**  
**Nonmajor Governmental Fund**  
For the Fiscal Year Ended June 30, 2021

	Special Revenue Fund	Capital Project Fund		
	Downtown Revitalization	Fire Station	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash	\$ 110,896	\$ 89,796	\$ 515,280	\$ 715,972
Restricted cash	24,108	-	-	-
Total assets	<u>\$ 135,004</u>	<u>\$ 89,796</u>	<u>\$ 515,280</u>	<u>\$ 740,080</u>
<b>Liabilities and Fund Balances</b>				
Liabilities	-	10,876	-	10,876
Total liabilities	-	10,876	-	10,876
Fund balance:				
Restricted:				
Downtown revitalization	24,108	-	-	24,108
Assigned:				
Fire station	-	78,920	-	78,920
Downtown revitalization	110,896	-	-	110,896
Non spendable - perpetual maintenance	-	-	515,280	515,280
Total fund balances	<u>135,004</u>	<u>78,920</u>	<u>515,280</u>	<u>729,204</u>
Total liabilities and fund balances	<u>\$ 135,004</u>	<u>\$ 89,796</u>	<u>\$ 515,280</u>	<u>\$ 740,080</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, 2021

	Special Revenue Fund	Capital Project Fund		
	Downtown Revitalization	Fire Station	Cemetery Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Ad valorem tax	\$ 21,105	\$ -	\$ -	\$ 21,105
Sales and services	-	-	37,184	37,184
Interest	-	-	67	67
Total revenues	21,105	-	37,251	58,356
Expenditures:				
Current:				
Downtown revitalization	10,313	-	-	10,313
Capital outlay	-	23,003	-	23,003
Total expenditures	10,313	23,003	-	33,316
Revenues over (under) expenditures	10,792	(23,003)	37,251	25,040
Other financing sources				
Transfers from General fund	20,000	101,923	-	121,923
Net change in fund balance	30,792	78,920	37,251	146,963
Fund balances:				
Fund balance beginning of year	104,212	-	478,029	582,241
Fund balance end of year-June 30	<u>\$ 135,004</u>	<u>\$ 78,920</u>	<u>\$ 515,280</u>	<u>\$ 729,204</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, 2021

	<u>Budget</u>	<u>Current Year</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 30,000	\$ 21,105	\$ (8,895)
Total revenues	<u>30,000</u>	<u>21,105</u>	<u>(8,895)</u>
Expenditures:			
Downtown revitalization	<u>50,000</u>	<u>10,313</u>	<u>39,687</u>
Total expenditures	<u>50,000</u>	<u>10,313</u>	<u>39,687</u>
Revenues over (under) expenditures	<u>(20,000)</u>	<u>10,792</u>	<u>30,792</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>30,792</u>	<u>\$ 30,792</u>
Fund balances - beginning		<u>104,212</u>	
Fund balances - ending		<u>\$ 135,004</u>	

City of Laurinburg, North Carolina  
**North Fire Station Capital Project Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Current Year</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Grant revenues	\$ 1,250,000	\$ -	\$ (1,250,000)
Total revenues	<u>1,250,000</u>	<u>-</u>	<u>(1,250,000)</u>
Expenditures:			
Construction	1,305,897	-	1,305,897
Contracted services	<u>80,000</u>	<u>23,003</u>	<u>56,997</u>
Total expenditures	<u>1,385,897</u>	<u>23,003</u>	<u>1,362,894</u>
Revenues over (under) expenditures	<u>(135,897)</u>	<u>(23,003)</u>	<u>112,894</u>
Other Financing Sources			
Transfers from other funds:			
General fund	<u>135,897</u>	<u>101,923</u>	<u>(33,974)</u>
Total other financing sources	<u>135,897</u>	<u>101,923</u>	<u>(33,974)</u>
Net change in fund balance	<u>\$ -</u>	<u>78,920</u>	<u>\$ 78,920</u>
Fund balances - beginning		<u>-</u>	
Fund balances - ending		<u>\$ 78,920</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, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating revenues:			
Charges for services:			
Electricity sales		\$ 13,511,068	
Municipal usage		663,639	
Fiber optic rental		243,792	
Total	14,963,053	14,418,499	(544,554)
Other operating revenues			
Other operating revenues		208,228	
Total other operating revenues	219,500	208,228	(11,272)
Total operating revenues	15,182,553	14,626,726	(555,827)
Nonoperating revenues:			
Interest earnings		2,129	
(Loss) on sale of fixed assets		(60,233)	
Total nonoperating revenues	500	(58,104)	(58,604)
Total revenues	15,183,053	14,568,622	(614,431)
Expenditures:			
Administration:			
Salaries & employee benefits		119,656	
Supplies		965	
Utilities		261	
Management fees		259,079	
Other operating expenditures		11,753	
Total	589,799	391,714	198,085
Consumer billing and receiving:			
Salaries & employee benefits		265,727	
Maintenance		33,234	
Other operating expenditures		100,164	
Total	472,423	399,125	73,298
Electrical operations:			
Salaries & employee benefits		596,084	
Supplies		45,878	
Contracted maintenance		414,166	
Vehicle maintenance		37,873	
Utilities		63,281	
Other operating expenditures		410,498	
Total	1,806,304	1,567,780	238,524

City of Laurinburg, North Carolina  
**Electric Fund**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
For the Fiscal Year Ended June 30, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
Electrical power purchases	10,959,207	10,141,875	817,332
Debt Service:			
Interest expense		37,652	
Principal retirement		159,945	
Total	196,248	197,597	1,349
Capital outlay:			
Electrical operations		91,115	
Total	91,115	91,115	-
Total expenditures	14,115,096	12,789,207	1,325,889
Revenues over expenditures	1,067,957	1,779,416	711,459
Other financing sources (uses):			
Transfers to other funds:			
General fund - GS §159B-39	(284,848)	(284,848)	
General fund - (payment in lieu of taxes)	(83,109)	(83,109)	
Capital project fund	(700,000)	(700,000)	
Total other financing sources (uses)	(1,067,957)	(1,067,957)	-
Revenues and other sources over expenditures and other financing sources (uses)	<u>\$ -</u>	711,458	<u>\$ 711,458</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Principal retirement		159,945	
Inventory change		(259,541)	
Capital outlay		91,115	
Bad debts		1,536	
(Increase) in accrued vacation		(4,587)	
Depreciation		(489,510)	
Capital contribution		1,248,898	
Increase in deferred outflows of resources- pensions		26,295	
(Increase) in net pension liability		(67,785)	
(Increase) in deferred inflows of resources-pensions		(5,277)	
Increase in deferred outflows of resources - OPEB		26,049	
Decrease in deferred inflows of resources - OPEB		1,825	
(Increase) in net OPEB liability		(29,557)	
Total		699,407	
Change in net position		<u>\$ 1,410,865</u>	

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, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
Revenues:			
Operating revenues:			
Charges for services:			
Water sales		\$ 3,995,195	
Sewer charges		2,508,221	
Water and sewer taps		113,828	
Total	6,638,769	6,617,243	(21,526)
Other operating revenues			
Other operating revenues		186,917	
Total other operating revenues	253,625	186,917	(66,708)
Total operating revenues	6,892,394	6,804,160	(88,234)
Nonoperating revenues:			
Interest earnings	100	-	
(Loss) on sale of fixed assets		(27,521)	
Total nonoperating revenues	100	(27,521)	27,621
Total revenues	6,892,494	6,776,640	(115,854)
Expenditures:			
Administration:			
Salaries & employee benefits		262,998	
Supplies		8,073	
Maintenance		37,422	
Utilities		2,678	
Management fees		992,011	
Other operating expenditures		113,615	
Total	1,501,083	1,416,798	84,285
Water treatment and distribution:			
Water production and treatment plant:			
Salaries & employee benefits		284,516	
Chemicals		142,820	
Supplies		19,376	
Utilities		241,646	
Management fees		211,076	
Other operating expenditures		210,089	
Total	1,481,654	1,109,523	372,131

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Water distribution:			
Salaries and employee benefits		413,874	
Supplies		83,742	
Other operating expenditures		198,300	
Total	742,966	695,916	47,050
Total water treatment and distribution	2,224,620	1,805,439	419,181
Waste collection and treatment:			
Sewage collection system:			
Salaries and employee benefits		379,170	
Supplies		29,773	
Other operating expenditures		59,363	
Total	547,665	468,306	79,359
Primary waste treatment:			
Salaries and employee benefits		439,638	
Chemicals		19,999	
Supplies		46,397	
Utilities		404,146	
Maintenance		136,831	
Other operating expenditures		134,448	
Total	1,440,797	1,181,459	259,338
Total waste collection & treatment	1,988,462	1,649,765	338,697
Debt service:			
Interest and fees		93,612	
Principal retirement		873,271	
Total debt service	966,883	966,883	-

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, 2021

	2021		Variance Positive (Negative)
	Budget	Actual	
Capital outlay:			
Waste production and treatment		57,502	
Waste distribution		58,967	
Primary waste treatment		94,977	
Total capital outlay	211,446	211,446	-
Total expenditures	6,892,494	6,050,330	842,164
Revenues over expenditures	-	726,309	726,309
Other financing sources (uses):			
Transfer to other fund:			
Capital project fund		(1,192,486)	
Total net transfers	(1,192,486)	(1,192,486)	(1)
Total other financing sources (uses)	(1,192,486)	(1,192,486)	(1)
Fund balance appropriated	1,192,486		(1,192,486)
Revenues and other sources (under) expenditures and other financing sources (uses)	\$ -	(466,176)	\$ (466,177)
<b>Reconciliation from budgetary basis     (modified accrual) to full accrual:</b>			
Reconciling items:			
Principal retirement		873,271	
Inventory change		54,407	
Bad debts		2,468	
Capital outlay		211,446	
Capital contributions		2,440,822	
(Increase) in accrued vacation pay		(10,432)	
Depreciation		(1,511,955)	
Asset transfer from other government		633,542	
Increase in deferred outflows of resources-pensions		47,331	
(Increase) in net pension liability		(122,012)	
(Increase) in deferred inflows of resources-pensions		(9,498)	
Increase in deferred outflows of resources-OPEB		46,889	
Decrease in deferred inflows of resources-OPEB		3,285	
(Increase) in OPEB liability		(53,203)	
Total reconciling items		2,606,362	
Change in net position		\$ 2,140,186	

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services:			
Sales:			
Residential		\$ 1,553,482	
Commercial and industrial		799,452	
Total	2,323,360	2,352,934	29,574
Other operating revenues			
Other operating income		46,621	
Total other operating revenues	20,000	46,621	26,621
Total operating revenues	2,343,360	2,399,555	56,195
Nonoperating revenues:			
Gain on sale of assets		6,361	
Total nonoperating revenues	5,050	6,361	1,311
Total revenues	2,348,410	2,405,916	57,506
Expenditures:			
Solid waste operations:			
Salaries and employee benefits		1,170,734	
Contracted services		73,579	
Supplies		7,533	
Tipping fee		559,429	
Maintenance		240,681	
Utilities		3,168	
Management fees		57,194	
Other operating expenditures		94,037	
Total	2,298,490	2,206,355	92,135
Debt service:			
Interest expense		3,344	
Principal retirement		38,802	
	42,146	42,146	-

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, 2021

	2021		Variance
	Budget	Actual	Positive (Negative)
Capital outlay:			
Equipment	74,774	74,774	-
Total expenditures	2,415,410	2,323,275	92,135
Revenues over (under) expenditures	(67,000)	82,641	149,641
Other financing sources:			
Fund balance appropriated	67,000	-	67,000
Revenues and other sources over expenditures and other uses	\$ -	\$ 82,641	\$ 82,641
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues and other sources over expenditures and other uses		\$ 82,641	
Reconciling items:			
Principal retirement		38,802	
Inventory change		(7,788)	
Bad debts		7,323	
Decrease in accrued vacation pay		5,111	
Depreciation		(231,581)	
Capital outlay		74,774	
(Decrease) in deferred outflows of resources - pensions		(5,658)	
(Increase) in net pension liability		(14,079)	
(Increase) in deferred inflows of resources - pensions		(5,804)	
Increase in deferred outflows of resources-OPEB		25,425	
Decrease in deferred inflows of resources - OPEB		4,218	
Decrease in accrued OPEB liability		9,766	
Total		(99,491)	
Change in net position		\$ (16,850)	

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, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues-water-sewer project:					
Restricted intergovernmental:					
CDBG Grant-Sewer	\$ 2,000,000	\$ 301,979	\$ 1,195,253	\$ 1,497,232	\$ (502,768)
Total revenues	2,000,000	301,979	1,195,253	1,497,232	(502,768)
Expenditures-water-sewer project:					
Construction-Sewer	1,688,000	-	1,063,317	1,063,317	624,683
Engineering/design-Sewer	162,000	301,979	131,936	433,915	(271,915)
Administration-Sewer	150,000	-	-	-	150,000
Total expenditures	2,000,000	301,979	1,195,253	1,497,232	502,768
Revenues over expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

City of Laurinburg, North Carolina  
**Water Sewer Capital Project-Phase 1**  
**Statement of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
From Inception and for the Fiscal Year Ended June 30, 2021

	Project	Prior	Actual		Variance
	Authorization	Years	Current	Total to	Positive
			Year	Date	(Negative)
Expenditures-water-sewer project:					
Construction	\$ 2,950,000	\$ -	\$ 2,262,649	\$ 2,262,649	\$ 687,351
Engineering/design	<u>600,000</u>	<u>471,490</u>	<u>592,208</u>	<u>1,063,698</u>	<u>(463,698)</u>
Total expenditures	3,550,000	471,490	2,854,857	3,326,347	223,653
Other financing sources:					
Transfers from other funds					
From Water Sewer Fund	<u>3,550,000</u>	<u>3,550,000</u>	<u>1,192,486</u>	<u>4,742,486</u>	<u>1,192,486</u>
Total other sources	3,550,000	3,550,000	1,192,486	4,742,486	1,192,486
Revenues and other sources					
over (under) expenditures	<u>\$ -</u>	<u>\$ 3,078,510</u>	<u>\$ (1,662,371)</u>	<u>\$ 1,416,139</u>	<u>\$ 1,416,139</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, 2021

	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	\$ 2,970,000	\$ 2,557,575	\$ 1,318,314	\$3,875,889	\$ (905,889)
Engineering/design	480,000	177,306	63,947	241,253	238,747
Equipment	750,000	-	70,451	70,451	679,549
Other improvements	<u>748,900</u>	<u>-</u>	<u>156,113</u>	<u>156,113</u>	<u>592,787</u>
Total expenditures	4,948,900	2,734,881	1,608,825	4,343,706	605,194
Other financing sources:					
Transfers from other funds					
From Electric Fund	4,400,000	3,700,000	700,000	4,400,000	-
Insurance recovery	<u>548,900</u>	<u>-</u>	<u>548,900</u>	<u>548,900</u>	<u>-</u>
Total other sources	4,948,900	3,700,000	1,248,900	4,948,900	-
Revenues and other sources					
over (under) expenditures	<u>\$ -</u>	<u>\$ 965,119</u>	<u>\$ (359,925)</u>	<u>\$ 605,194</u>	<u>\$ 605,194</u>

## **OTHER SCHEDULES**

---

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

---

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

City of Laurinburg, North Carolina  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Addition</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 3,349,087	\$ 3,196,084	\$ 153,003
2019-2020	177,051	111	53,693	123,469
2018-2019	141,914	-	37,089	104,825
2017-2018	103,307	-	22,446	80,861
2016-2017	82,656	-	11,050	71,606
2015-2016	72,543	-	11,529	61,014
2014-2015	57,158	-	9,075	48,083
2013-2014	45,485	-	7,657	37,828
2012-2013	37,766	-	5,470	32,296
2011-2012	<u>26,323</u>	<u>-</u>	<u>2,035</u>	<u>24,288</u>
	<u>\$ 744,203</u>	<u>\$ 3,349,198</u>	<u>\$ 3,356,128</u>	<u>737,273</u>

Less: allowance for uncollectible accounts  
General Fund

204,058

Ad valorem taxes receivable - net

\$ 533,215

Reconcilement with revenues:

Ad valorem taxes - General Fund

\$ 3,376,377

Reconciling items:

Penalties and interest collected

(55,587)

Discounts allowed

16,800

Taxes written off

18,538

Subtotal

(20,249)

Total collections and credits

\$ 3,356,128

City of Laurinburg, North Carolina  
**Analysis of Current Tax Levy**  
**City-Wide Levy**  
For the Fiscal Year Ended June 30, 2021

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 816,743,933	.40	\$ 3,266,976	\$ 2,852,397	\$ 414,579
Discoveries	21,162,805		84,651	84,651	-
Abatements	<u>(634,928)</u>		<u>(2,540)</u>	<u>(2,540)</u>	<u>-</u>
Total property valuation	<u>\$ 837,271,810</u>				
Net levy			3,349,087	2,934,508	414,579
Unpaid (by taxpayer) taxes at June 30, 2021			<u>153,003</u>	<u>153,004</u>	<u>-</u>
Current year's taxes collected			<u>\$ 3,196,084</u>	<u>\$ 2,781,504</u>	<u>\$ 414,579</u>
Current levy collection percentage			95.43%	94.79%	100.00%

## **COMPLIANCE SECTION**



**Roche, Head & Associates, PLLC**

• CERTIFIED PUBLIC ACCOUNTANTS •

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

**Independent Auditor's Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the [accompanying] financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Laurinburg, North Carolina, as of and for the year ended June 30, 2021, 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, 2021.

**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.

-82-

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, 2021



# 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, 2021. 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.

-84-

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

### **Opinion on Each Major Federal Program**

In our opinion, the City of Laurinburg complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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

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

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

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

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

*Roche, Head & Associates, PLLC*

ROCHE, HEAD & ASSOCIATES, PLLC

Laurinburg, North Carolina

November 30, 2021

City of Laurinburg, North Carolina  
Schedule of Findings and Questioned Costs  
For the Fiscal Year Ended June 30, 2021

---

**Section I. Summary of Auditor's Results**

---

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(s) identified? ☐ yes ☒ none reported

Noncompliance material to financial statements noted ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(s) identified? ☐ yes ☒ none reported

Type of report issued on compliance for major federal programs: Unmodified.

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

Identification of major federal program:

CFDA No.	Name of Federal Program
----------	-------------------------

---

14.228	Community Development Block Grant-Water Infrastructure
--------	--

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

Auditee qualified as low-risk auditee? ☐ yes ☒ no

**CITY OF LAURINBURG, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2021**

<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><b>U.S. Dept. of Treasury</b></u>				
Passed-through N.C. Office of State Budget and Management:				
NC Pandemic Recovery Office				
Passed through NC Dept. of Health and Human Services				
Division of Public Health-Coronavirus Relief Fund				
Passed through Scotland County, NC	21.019	29618	349,358	-
<u><b>U. S. Department of Housing and Urban Development</b></u>				
Passed-through N.C. Department of Environmental Quality				
Community Development Block Grant-Water Infrastructure	14.228	17-I-2966	1,195,253	-
<u><b>U. S. Department of Agriculture</b></u>				
Passed-through NRCS				
Natural Resources Conservation Service	10.923	NRCS-ADS-093	17,800	-
<u><b>U.S. Dept. of Transportation</b></u>				
Passed-through the N.C. Department of Transportation:				
NCDOT Administered Bicycle/Pedestrian Plan	20.205	OSPR320	12,000	-
Total assistance - federal programs			1,574,411	
<b>State Grants:</b>				
<b>Cash Assistance:</b>				
<u><b>N.C. Department of Transportation</b></u>				
Powell Bill		38570	-	421,546
Total assistance-State programs				421,546
Total assistance			<u>\$ 1,574,411</u>	<u>\$ 421,546</u>

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, 2021. 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.

