

Town of



North Carolina

**Financial Statements
For the Year Ended June 30, 2022**

Town of Laurel Park, North Carolina

Mayor

J. Carey O’Cain

Town Council

George W. Banta

Debra Hinson Bridges

Kristin Dunn

Paul Hansen, Mayor Pro Tem

Management

Alex Carmichael, Town Manager

Bobbie K. Trotter, Chief of Police

Heather Smith, Finance Officer

Brandon Johnson, Superintendent of Public Works

Town of Laurel Park, North Carolina

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BURLESON & EARLEY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Members of the Governing Council
Laurel Park, North Carolina

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Laurel Park, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Laurel Park, North Carolina's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Laurel Park, North Carolina as of June 30, 2022, 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.

We did not audit the financial statements of the Town of Laurel Park's ABC Board, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Laurel Park ABC Board, is based solely on the report of other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Laurel Park, North Carolina, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Town of Laurel Park ABC Board were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Laurel Park, North Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Laurel Park, North Carolina's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, the Local Government Employees' Retirement System's Schedules of Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 50 and 51, respectively, and the Law Officers' Special Separation Allowance schedules of the changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 52 and 53 be presented to

supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Laurel Park, North Carolina's basic financial statements. The budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the budgetary schedules and other schedules 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 15, 2022 on our consideration of the Town of Laurel Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Laurel Park's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Laurel Park's internal control over financial reporting and compliance.

Burlison & Earley, P.A.

Certified Public Accountants

Asheville, North Carolina

November 15, 2022

Management's Discussion and Analysis

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

Financial Highlights

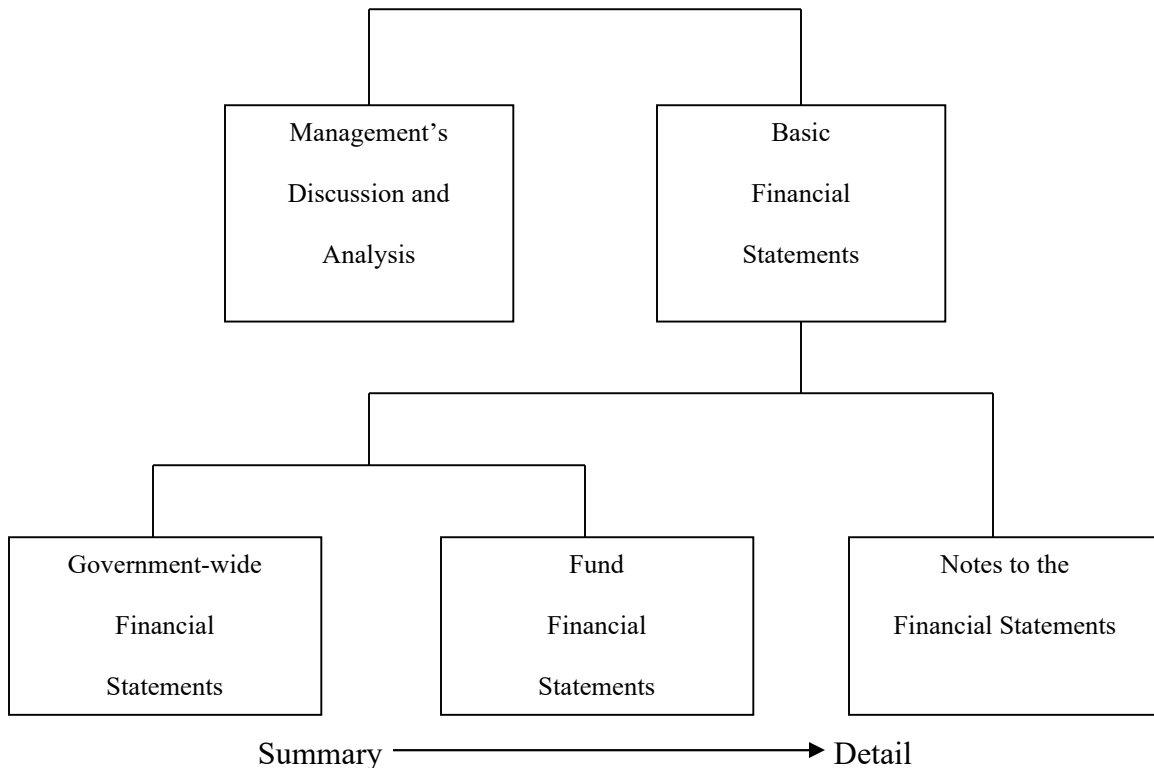
- The assets and deferred outflows of resources of the Town of Laurel Park *exceeded* its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,914,775 (net position).
- The Town's total net position *increased* by \$763,505, due to *increases* in the *government* activities of \$1,635,350 and *decreases* in the *business-type* activities net position of (\$871,845). The *decreases* in the *business-type* activities net position results from the close out of the water and sewer funds.
- The Town created a three new governmental funds: Coronavirus State and Local Recovery Grant Project, Roads and Powell Bill Capital Project, and Laurel Green Stream Restoration Capital Project.
- The Town received the first distribution of funding through the Coronavirus State and Local Fiscal Recovery Fund of H.R 1319 American Rescue Plan of 2021 in the amount of \$371,283. The total to be received of \$742,566 will be used for stormwater improvements in future years.
- The Town received grant funding from the North Carolina Department of Public Safety in the amount of \$317,000 for the Laurel Green Stream Restoration Capital Project.
- As of the close of the current fiscal year, the Town's reported ending general fund balance of \$2,747,859 represents a *decrease* of (\$180,751) in comparison with the prior year. Approximately 75% of this total amount, or \$2,051,774, is available for spending at the government's discretion (**unassigned fund balance**).

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town'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 Town 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 Town.

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 Town'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 Town 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 Town'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 Town'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 Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town'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 Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, street maintenance, trash collection, zoning administration, parks and greenways, and general administration. Property taxes, state shared revenues, and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water, sewer and stormwater services offered by the Town. The final category is the component unit. Although legally separate from the Town, the Laurel Park ABC Board is important to the Town. The Town exercises control over the Board by appointing its members and the Board is required to distribute a portion of its profits to the Town.

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

The Town 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 Town, the management of the Town, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement (Exhibit 5) provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement (Exhibit 5) 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 board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and

ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – The Town has three *Enterprise Funds*. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer and stormwater activities. 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. The Water Fund and Sewer Fund were closed out in fiscal year 2022.

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 23-49 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to State laws and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

**The Town of Laurel Park’s Net Position
Figure 2**

	Government Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 4,530,053	\$ 3,031,289	\$ 77,897	\$ 914,368	\$ 4,607,950	\$ 3,945,657
Capital assets	2,086,293	1,751,004	40,053	94,063	2,126,346	1,845,067
Right to use leased assets	189,301	-	-	-	189,301	-
Deferred outflows of resources	369,376	332,867	-	16,466	369,376	349,333
Total assets and deferred outflows of resources	7,175,023	5,115,160	117,950	1,024,897	7,292,973	6,140,057
Long-term liabilities outstanding	607,760	884,614	-	34,220	607,760	918,834
Other liabilities	404,397	41,045	-	(2,094)	404,397	38,951
Deferred inflows of resources	366,041	26,871	-	2,976	366,041	29,847
Total liabilities and deferred inflows of resources	1,378,198	952,530	-	35,102	1,378,198	987,632
Net Position:						
Net investment in capital assets	2,086,293	1,584,217	40,053	94,063	2,126,346	1,678,280
Restricted for stabilization by state statute	306,508	275,348	-	-	306,508	275,348
Restricted for capital projects	309,300	-	-	-	309,300	-
Restricted for capital reserves	90,964	60,000	-	-	90,964	60,000
Unrestricted	3,003,760	2,243,065	77,897	895,732	3,081,657	3,138,797
Total net position	\$ 5,796,825	\$ 4,162,630	\$ 117,950	\$ 989,795	\$ 5,914,775	\$ 5,152,425

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 Town exceeded liabilities and deferred inflows by \$5,914,775 as of June 30, 2022. The Town’s net position *increased* by \$763,505 for the fiscal year ended

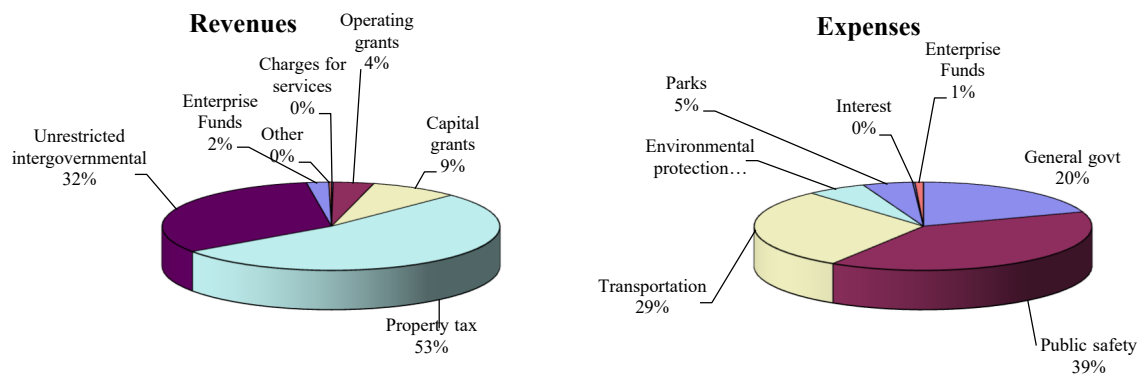
June 30, 2022. The largest portion (52%) of the balance, \$3,081,657, is unrestricted. Of the remaining balance, \$306,508 is restricted for stabilization by state statute, \$309,300 is restricted for capital projects, \$90,964 is restricted for capital reserves and \$2,126,346 reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Several particular aspects of the Town's financial operations influencing the total unrestricted governmental net position:

- A tax collection rate of 99.85%, which exceeds the 2021 statewide average of 99.28% for communities within the population less than 50,000. Collections are budgeted at 98.5% for property and motor vehicles.
- Maintained a tax rate of \$0.435 for fiscal year 2022, of which \$0.10 is for fire protection.

Town of Laurel Park's Changes in Net Position Figure 3

	Government Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for services	\$ 5,790	\$ 3,238	\$ 78,525	\$ 439,340	\$ 84,315	\$ 442,578
Operating grants and contributions	143,085	225,598	-	-	143,085	225,598
Capital grants and contributions	317,000	-	-	-	317,000	-
General Revenues:						
Property taxes	1,951,328	1,922,681	-	-	1,951,328	1,922,681
Unrestricted intergovernmental revenues	1,197,837	1,075,586	-	-	1,197,837	1,075,586
Unrestricted investment earnings	3,104	1,670	-	119	3,104	1,789
Gain (loss) on sale of capital assets	-	-	-	-	-	-
Other	6,371	8,324	-	14,171	6,371	22,495
Total Revenues	3,624,515	3,237,097	78,525	453,630	3,703,040	3,690,727
Expenses:						
General government	580,214	577,863	-	-	580,214	577,863
Public safety	1,152,370	1,130,136	-	-	1,152,370	1,130,136
Transportation	868,150	722,152	-	-	868,150	722,152
Environmental protection	168,263	176,955	-	-	168,263	176,955
Parks	140,463	57,581	-	-	140,463	57,581
Interest on long-term debt	6,079	1,840	-	-	6,079	1,840
Water, sewer and stormwater	-	-	23,996	429,498	23,996	429,498
Total Expenses	2,915,539	2,666,527	23,996	429,498	2,939,535	3,096,025
Change in net position before special items and transfers	708,976	570,570	54,529	24,132	763,505	594,702
Special item - Closing water and sewer funds	926,374	-	(926,374)	(1,518,241)	-	(1,518,241)
Change in net position	1,635,350	570,570	(871,845)	(1,494,109)	763,505	(923,539)
Net position, July 1, as previously reported	4,162,630	3,592,060	989,795	2,483,904	5,152,425	6,075,964
Prior period restatement - change in accounting principle	(1,155)	-	-	-	(1,155)	-
Net position, July 1, as restated	4,161,475	3,592,060	989,795	2,483,904	5,151,270	6,075,964
Net position, June 30	\$ 5,796,825	\$ 4,162,630	\$ 117,950	\$ 989,795	\$ 5,914,775	\$ 5,152,425



Governmental activities: Governmental activities *increased* the Town’s net position by \$1,635,350. Revenues, excluding any appropriations, exceeded budget estimates. The most significant increases in revenues over the prior year were in the categories of ad valorem taxes, sales taxes, ABC Board revenues and grants. Expenditures were less than budget estimates in all departments. Salaries, retirement and other employee benefits increased due to a salary study conducted in FY2022 and increases in local government retirement benefit match percentage set by the State and inflationary cost increases in group health insurance for Town employees. The planning and design phase for the Laurel Green Stream Restoration began in late FY2022.

Business-type activities: Business-type activities *decreased* the Town’s net position by \$(871,845). The key element of this decrease can be attributed mainly to the close out of the water and sewer funds. In closing out the funds, transfers to the general fund totaled \$487,667 from the water fund and \$438,707 from the sewer fund. The transfers were primarily cash and included, from the water fund, capital assets of \$52,600 and pension-related liabilities of \$20,730. The stormwater fund increased its net position by \$56,026 with its operations .

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

Governmental Funds – The focus of the Town’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town’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 Town. At the end of the current fiscal year, fund balance available in the General Fund was \$2,051,774, while total fund balance reached \$2,747,859. The Town currently has an available fund balance of 63.6% percent of total General Fund expenditures, while the total fund balance represents 84.4% of the same amount.

General Fund Budgetary Highlights – During the fiscal year, the Town 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. The following summarizes the most significant adjustments made with the amendments:

- The FY22 Budget Ordinance did not include fund budgets for the Highway 64 Project Capital Reserve Fund (Fund 21) and the Laurel Green Stream Capital Reserve Fund (Fund 23). An amendment established these.
- The Water Fund and Sewer Fund were closed out, with the remaining assets and liabilities transferred to the General Fund. Amendments affected the general fund, as well as the water and sewer funds.
- Funds were appropriated for a land purchase for the new Town Hall.

Proprietary Funds – The Town’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. The Water Fund and Sewer Fund were closed out in the fiscal year, with the remaining assets and liabilities, totaling \$926,374, being transferred to the general fund. Unrestricted net position of the Stormwater Fund is \$117,950. The total *increase* in net position occurring in the fiscal year for the Stormwater Fund was \$56,026. Other factors concerning the finances of these three funds have already been addressed in the discussion of the Town’s business-type activities.

Proprietary Fund Budgetary Highlights - The overall costs associated with operating the stormwater system were below budget projections.

Capital Asset and Debt Administration

Capital Assets – The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2022, totals \$2,126,346 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following significant additions and dispositions:

- Purchase of land for a future new Town Hall building.
- Purchase of equipment for the public works department.
- Irrigation and sprinkler system at Jump Off Rock.
- Remaining assets in the Water Fund were transferred to the General Fund.

Town of Laurel Park’s Capital Assets (net of accumulated depreciation)

Figure 4

	Government Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,133,155	\$ 616,416	\$ -	\$ 46,201	\$ 1,133,155	\$ 662,617
Projects in process	76,035	-	-	-	76,035	-
Land Improvements	313,949	327,180	40,053	41,462	354,002	368,642
Buildings	349,972	359,522	-	-	349,972	359,522
Furniture and fixtures	18,101	14,109	-	-	18,101	14,109
Equipment	128,040	123,741	-	716	128,040	124,457
Computer equipment and software	8,225	5,977	-	-	8,225	5,977
Distribution system	-	-	-	5,684	-	5,684
Vehicles	58,816	304,059	-	-	58,816	304,059
Net assets, June 30	\$ 2,086,293	\$ 1,751,004	\$ 40,053	\$ 94,063	\$ 2,126,346	\$ 1,845,067

Additional information on the Town’s capital assets can be found in Note 2 on pages 33-34 of the Basic Financial Statements.

Long-term Debt

As of June 30, 2022, the Town has long-term debt of \$607,760.

**Town of Laurel Park’s Long-Term Debt
Figure 5**

	Beginning of year	Additions	Retirements	End of year
Governmental Activities:				
Lease liabilities	\$ -	\$ 212,675	\$ 41,958	\$ 170,717
Accrued vacation	55,162	40,088	31,150	64,100
Net pension liability (LGERS)	496,076	-	283,213	212,863
Total pension liability (LEO)	166,589	-	6,509	160,080
	<u>717,827</u>	<u>252,763</u>	<u>362,830</u>	<u>607,760</u>
Business-Type Activities:				
Net pension liability (LGERS)	34,220	-	34,220	-
Total long-term debt	<u>\$ 752,047</u>	<u>\$ 252,763</u>	<u>\$ 397,050</u>	<u>\$ 607,760</u>

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the Town is \$35,897,546.

Additional information regarding the Town of Laurel Park’s long-term debt can be found on pages 45 - 46 of the notes to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

The following key economic indicators were used in the budget preparation for the fiscal year ending June 30, 2023.

- COVID-19 continues to create an unstable economic environment which proves difficult to forecast, particularly in its effect on supply chains and interest rates. Town staff will continue to monitor the changing economic conditions.
- The Town’s tax base has nominally increased. Staff projects a 3% of \$50,000 increase in property taxes. Town staff expect the property tax collection rate to be 99%.
- No change in the property tax rate of \$0.435 per \$100 valuation. Each penny of the tax rate generates approximately \$43,000 in revenue. Of the 43.5 cents in taxes, 10 cents is paid to Valley Hill Fire & Rescue Department for fire protection services, and 33.5 cents is retained by the Town for General Fund services.
- Sales tax revenue are projected to increase. The FY 2023 Budget contains an increase of \$78,000, or 11% from the FY 22 budget.
- Health Insurance premiums are budgeted to increase 8% on January 1, 2023 as part of the State Health Plan.
- Employees received a 5% COLA and a merit-based increase of up to 3%.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities:

- The adopted General Fund budget is \$3,390,918, based on an ad valorem tax rate on property of 43.5 cents per \$100 valuation.
- There is a fund balance appropriation of \$290,218 in the adopted budget.
- The Town will continue investing in street infrastructure improvements through the Roads and Powell Bill Capital Project Fund.
- The Laurel Green Stream Restoration project is projected for completion.

Business – type Activities:

- The adopted Stormwater Fund budget is \$139,000.
- There is a fund balance appropriation of \$66,000 in the adopted budget.
- The Town will continue investing in stormwater infrastructure improvements.

Requests for Information

This report is designed to provide an overview of the Town 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 Alex Carmichael, Town Manager, 441 White Pine Drive, Laurel Park, NC 28739-0910, Telephone: 828-693-4840, or townmanager@laurelpark.org.

BASIC FINANCIAL STATEMENTS

Town of Laurel Park, North Carolina
Statement of Net Position
June 30, 2022

Exhibit 1

	Primary Government			Town of Laurel Park ABC Board
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,439,206	\$ 71,635	\$ 3,510,841	\$ 252,980
Taxes receivable (net)	4,397	-	4,397	-
Accounts receivable (net)	10,437	6,262	16,699	-
Interest receivable	5,544	-	5,544	-
Due from other governments	265,409	-	265,409	-
Due from component unit	25,118	-	25,118	-
Internal balances	-	-	-	-
Inventories	-	-	-	230,468
Prepaid items	8,395	-	8,395	12,081
Restricted cash and cash equivalents	771,547	-	771,547	-
Total current assets	4,530,053	77,897	4,607,950	495,529
Non-current assets:				
Capital assets (Note 2):				
Land and other non-depreciable assets	1,209,190	-	1,209,190	-
Other capital assets, net of depreciation	877,103	40,053	917,156	-
Total capital assets	2,086,293	40,053	2,126,346	-
Right to use leased assets, net of amortization	189,301	-	189,301	356,245
Total assets	6,805,647	117,950	6,923,597	851,774
Deferred Outflows of Resources				
Pension deferrals	369,376	-	369,376	17,474
Liabilities				
Current liabilities:				
Current portion of long-term liabilities	46,935	-	46,935	-
Accounts payable	33,114	-	33,114	185,647
Liabilities to be paid from restricted assets	371,283	-	371,283	-
Due to primary government	-	-	-	25,118
Long-term liabilities:				
Due in more than one year	560,825	-	560,825	352,215
Total liabilities	1,012,157	-	1,012,157	562,980
Deferred Inflows of Resources				
Pension deferrals	366,041	-	366,041	16,214
Net Position				
Net investment in capital assets	2,086,293	40,053	2,126,346	-
Restricted for:				
Working capital	-	-	-	59,092
Stabilization by state statute	306,508	-	306,508	-
Capital projects	309,300	-	309,300	-
Capital reserves	90,964	-	90,964	-
Unrestricted	3,003,760	77,897	3,081,657	230,962
Total net position	\$ 5,796,825	\$ 117,950	\$ 5,914,775	\$ 290,054

The accompanying notes are an integral part of the financial statements.

Town of Laurel Park, North Carolina
Statement of Activities
For the Year Ended June 30, 2022

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Town of Laurel Park ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental Activities:								
General government	\$ 580,214	\$ -	\$ -	\$ -	\$ (580,214)	\$ -	\$ (580,214)	\$ -
Public safety	1,152,370	5,790	15,207	-	(1,131,373)	-	(1,131,373)	-
Transportation	868,150	-	105,109	-	(763,041)	-	(763,041)	-
Environmental protection	168,263	-	-	-	(168,263)	-	(168,263)	-
Parks	140,463	-	22,769	317,000	199,306	-	199,306	-
Interest on long-term debt	6,079	-	-	-	(6,079)	-	(6,079)	-
Total governmental activities	2,915,539	5,790	143,085	317,000	(2,449,664)	-	(2,449,664)	-
Business-type activities:								
Water, sewer and stormwater	23,996	78,525	-	-	-	54,529	54,529	-
Total primary government	\$ 2,939,535	\$ 84,315	\$ 143,085	\$ 317,000	(2,449,664)	54,529	(2,395,135)	\$ -
Component unit:								
ABC Board	\$ 1,984,423	\$ 1,997,974	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,551
General revenues:								
Property taxes, levied for general purpose					1,951,328	-	1,951,328	-
Unrestricted intergovernmental revenues					1,197,837	-	1,197,837	-
Unrestricted investment earnings					3,104	-	3,104	123
Miscellaneous					6,371	-	6,371	-
Total general revenues excluding special items					3,158,640	-	3,158,640	123
Special items - Closing Water and Sewer Funds								
Transfers other					894,504	(894,504)	-	-
Transfer of capital assets					52,600	(52,600)	-	-
Transfer of pension related items					(20,730)	20,730	-	-
Total special items					926,374	(926,374)	-	-
Total general revenues and special item					4,085,014	(926,374)	3,158,640	123
Change in net position					1,635,350	(871,845)	763,505	13,674
Net position, beginning, as previously reported					4,162,630	989,795	5,152,425	276,380
Prior period restatement - change in accounting principle					(1,155)	-	(1,155)	-
Net position, beginning, as restated					4,161,475	989,795	5,151,270	276,380
Net position, ending					\$ 5,796,825	\$ 117,950	\$ 5,914,775	\$ 290,054

The accompanying notes are an integral part of the financial statements.

Town of Laurel Park, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds			Non-Major Fund	Total Governmental Funds
	General Fund	Coronavirus State and Local Fiscal Recovery Grant Project	Roads and Powell Bill Capital Project Fund	Laurel Green Stream Restoration Capital Project Fund	
Assets					
Current assets:					
Cash and cash equivalents	\$ 2,439,206	\$ -	\$ 1,000,000	\$ -	\$ 3,439,206
Receivables, net:					
Taxes	4,397	-	-	-	4,397
Interest	5,544	-	-	-	5,544
Accounts	10,437	-	-	-	10,437
Due from other governments	265,409	-	-	-	265,409
Due from component unit	25,118	-	-	-	25,118
Prepaid expenses	8,395	-	-	-	8,395
Restricted cash and cash equivalents	90,964	371,283	-	309,300	771,547
Total assets	\$ 2,849,470	\$ 371,283	\$ 1,000,000	\$ 309,300	\$ 4,530,053
Liabilities					
Accounts payable	33,114	-	-	-	33,114
Unearned revenues	-	371,283	-	-	371,283
Accrued vacation	64,100	-	-	-	64,100
Total liabilities	97,214	371,283	-	-	468,497
Deferred Inflows of Resources					
Property taxes receivable	4,397	-	-	-	4,397
Total deferred inflows of resources	4,397	-	-	-	4,397
Fund Balances					
Non Spendable					
Prepaid	8,395				8,395
Restricted					
Stabilization by State Statute	306,508	-	-	-	306,508
Capital projects	-	-	-	309,300	309,300
Capital reserves	90,964	-	-	-	90,964
Assigned					
Subsequent year's expenditures	290,218	-	-	-	290,218
Capital projects	-		1,000,000	-	1,000,000
Unassigned	2,051,774	-	-	-	2,051,774
Total fund balances	2,747,859	-	1,000,000	309,300	4,057,159
Total liabilities, deferred inflows of resources and fund balances	\$ 2,849,470	\$ 371,283	\$ 1,000,000	\$ 309,300	\$ 4,530,053

The accompanying notes are an integral part of the financial statements.

Town of Laurel Park, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022

Exhibit 3
(continued)

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balance, governmental funds	\$	4,057,159
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds.		
Gross capital assets at historical cost		3,655,066
Accumulated depreciation		(1,568,773)
		2,086,293
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in funds.		
Right to use leased assets at historical cost		243,298
Accumulated amortization		(53,997)
		189,301
Deferred outflows of resources related to pensions are not reported in the funds		369,376
Earned revenues considered deferred inflows of resources in fund statements.		4,397
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Long-term debt included as net position below (includes the of long-term debt and principal payments during the year.)		(170,717)
Net pension liability		(212,863)
Total pension liability		(160,080)
Deferred inflows of resources related to pensions are not reported in the funds		(366,041)
		\$ 5,796,825

The accompanying notes are an integral part of the financial statements.

Town of Laurel Park, North Carolina
Statement of Revenue, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

Exhibit 4

	Major Funds			Non-Major Fund	Total Governmental Funds
	General Fund	Coronavirus State and Local Fiscal Recovery Grant Project	Roads and Powell Bill Capital Project Fund	Laurel Green Stream Restoration Capital Project Fund	
Revenues:					
Ad valorem taxes	\$ 1,952,244	\$ -	\$ -	\$ -	\$ 1,952,244
Unrestricted intergovernmental revenues	1,197,837	-	-	-	1,197,837
Restricted intergovernmental revenues	120,316	-	-	317,000	437,316
Permits and fees	5,790	-	-	-	5,790
Investment earnings	3,104	-	-	-	3,104
Miscellaneous	29,141	-	-	-	29,141
Total revenues	3,308,432	-	-	317,000	3,625,432
Expenditures:					
Current:					
General government	1,105,748	-	-	-	1,105,748
Public safety	1,088,305	-	-	-	1,088,305
Transportation	814,023	-	-	-	814,023
Environmental protection	168,263	-	-	-	168,263
Parks	205,199	-	-	7,700	212,899
Debt service:					
Principal	41,958	-	-	-	41,958
Interest	6,079	-	-	-	6,079
Total expenditures	3,429,575	-	-	7,700	3,437,275
Revenues over (under) expenditures	(121,143)	-	-	309,300	188,157
Other financing sources (uses):					
Lease liabilities issued	45,888	-	-	-	45,888
Sale of capital assets	-	-	-	-	-
Transfers from other funds	894,504	-	1,000,000	-	1,894,504
Transfers to other funds	(1,000,000)	-	-	-	(1,000,000)
	(59,608)	-	1,000,000	-	940,392
Net change in fund balance	(180,751)	-	1,000,000	309,300	1,128,549
Fund balances					
Beginning of year, July 1, as previously reported	2,929,765	-	-	-	2,929,765
Prior period restatement - change in accounting principle	(1,155)	-	-	-	(1,155)
Beginning of year, July 1, as restated	2,928,610	-	-	-	2,928,610
End of year, June 30	\$ 2,747,859	\$ -	\$ 1,000,000	\$ 309,300	\$ 4,057,159

The accompanying notes are an integral part of these financial statements.

Town of Laurel Park, North Carolina
Reconciliation of the Statement of Revenue, Expenditures, and
Changes in Fund Balance of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Exhibit 4
(continued)

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

Net changes in fund balances - governmental funds		\$ 1,128,549
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimate useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	607,421	
Depreciation expense for governmental assets	<u>(126,168)</u>	481,253
Capital assets transferred from the water fund, net of accumulated depreciation		52,600
Right to use leased asset capital outlay expenditures which were capitalized	44,734	
Amortization expense for intangible assets	<u>(53,997)</u>	(9,263)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		108,903
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		(919)
<p>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.</p>		
New long-term debt issued	(45,888)	
Principal payments on long-term debt	<u>41,958</u>	(3,930)
Transfer of pension related items from water fund		(20,730)
<p>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.</p>		
Pension expense		(77,684)
Other postemployment benefits		<u>(23,429)</u>
Total change in net position of governmental activities		<u><u>\$ 1,635,350</u></u>

The accompanying notes are an integral part of the financial statements.

**Town of Laurel Park, North Carolina
General Fund**

Exhibit 5

**Statement of Revenue, Expenditures, and Changes in Fund Balance-Budget and Actual
For the Year Ended June 30, 2022**

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 1,865,200	\$ 1,865,200	\$ 1,952,244	\$ 87,044
Unrestricted intergovernmental revenues	931,200	931,200	1,197,837	266,637
Restricted intergovernmental revenues	95,000	95,000	120,316	25,316
Permits and fees	2,075	2,075	5,790	3,715
Investment earnings	2,000	2,000	3,104	1,104
Miscellaneous	18,000	18,000	29,141	11,141
Total revenues	2,913,475	2,913,475	3,308,432	394,957
Expenditures:				
General government	587,875	1,119,875	1,105,748	14,127
Public safety	1,146,000	1,146,000	1,088,305	57,695
Transportation	843,000	843,000	814,023	28,977
Environmental protection	190,000	190,000	168,263	21,737
Parks	173,700	173,700	129,163	44,537
Debt service:				
Principal retirement	63,921	63,921	41,958	21,963
Interest and other charges	6,079	6,079	6,079	-
Total expenditures	3,010,575	3,542,575	3,353,539	189,036
Revenues over (under) expenditures	(97,100)	(629,100)	(45,107)	583,993
Other financing sources (uses):				
Lease liabilities issued	-	-	45,888	45,888
Sale of capital assets	35,000	35,000	-	(35,000)
Fund balance appropriated	122,100	776,596	-	(776,596)
Transfers from other funds	-	894,504	894,504	-
Transfers to other funds	(60,000)	(1,077,000)	(1,077,000)	-
Total other financing sources (uses):	97,100	629,100	(136,608)	(765,708)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ -	(181,715)	\$ (181,715)
Fund balances				
Beginning of year, July 1			2,839,765	
Prior period restatement - change in accounting principle			(1,155)	
Beginning of year, July 1, as restated			2,838,610	
End of year, June 30			\$ 2,656,895	
Legally budgeted Highway 64 Sidewalk and Greenspace Capital Reserve Fund and Laurel Green Stream Restoration Capital Reserve Fund are consolidated in the General Fund for reporting purposes:				
Professional services			(26,359)	
Contracted services			(49,677)	
Transfers from the general fund			77,000	
Fund balance, beginning			90,000	
Fund balance, ending (Exhibit 3)			\$ 2,747,859	

The accompanying notes are an integral part of the financial statements.

Town of Laurel Park, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2022

Exhibit 6

	Non-Major Enterprise Funds			Total
	Stormwater Fund	Water Fund	Sewer Fund	
Assets				
Current assets:				
Cash and cash equivalents	\$ 71,635	\$ -	\$ -	\$ 71,635
Accounts receivables (net)-billed	6,262	-	-	6,262
Due from water fund	-	-	-	-
Total current assets	77,897	-	-	77,897
Noncurrent assets:				
Capital assets:				
Land and other non-depreciable assets	-	-	-	-
Other capital assets, net of depreciation	40,053	-	-	40,053
Capital assets (net)	40,053	-	-	40,053
Total noncurrent assets	40,053	-	-	40,053
Total assets	117,950	-	-	117,950
Deferred Outflows of Resources				
Pension deferrals	-	-	-	-
Liabilities				
Current liabilities:				
Accounts payable	-	-	-	-
Due to general fund	-	-	-	-
Due to sewer fund	-	-	-	-
Customer deposits	-	-	-	-
Total current liabilities	-	-	-	-
Noncurrent liabilities:				
Due to sewer fund	-	-	-	-
Accrued vacation	-	-	-	-
Net pension liability	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	-	-	-	-
Deferred Inflows of Resources				
Pension deferrals	-	-	-	-
Net Position				
Net investment in capital assets	40,053	-	-	40,053
Unrestricted	77,897	-	-	77,897
Total net position	\$ 117,950	\$ -	\$ -	\$ 117,950

The accompanying notes are an integral part of these financial statements.

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

Exhibit 7

	Non-Major Enterprise Funds			Total
	Stormwater Fund	Water Fund	Sewer Fund	
Operating Revenues				
Charges for services	\$ 78,525	\$ -	\$ -	\$ 78,525
Total operating revenues	<u>78,525</u>	<u>-</u>	<u>-</u>	<u>78,525</u>
Operating Expenses				
Administration	15,892	61	-	15,953
Operations	5,198	1,283	153	6,634
Depreciation	1,409	-	-	1,409
Total operating expenses	<u>22,499</u>	<u>1,344</u>	<u>153</u>	<u>23,996</u>
Operating income (loss)	56,026	(1,344)	(153)	54,529
Nonoperating revenues (expenses)				
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income/(loss) before other financing sources and uses:	56,026	(1,344)	(153)	54,529
Other Financing Sources (Uses):				
Transfers to general fund	-	(455,797)	(438,707)	(894,504)
Transfer capital assets to general fund	-	(52,600)	-	(52,600)
Transfer pension related items to general fund	-	20,730	-	20,730
Interfund loan forgiveness	-	24,000	(24,000)	-
	<u>-</u>	<u>(463,667)</u>	<u>(462,707)</u>	<u>(926,374)</u>
Change in net position	56,026	(465,011)	(462,860)	(871,845)
Total net position, beginning	<u>61,924</u>	<u>465,011</u>	<u>462,860</u>	<u>989,795</u>
Total net position, ending	<u>\$ 117,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,950</u>

The accompanying notes are an integral part of the financial statements.

Town of Laurel Park, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

Exhibit 8

	Non-Major Enterprise Funds			Total
	Stormwater Fund	Water Fund	Sewer Fund	
Cash flows from operating activities:				
Cash received from customers	\$ 78,855	\$ 16,550	\$ 176	\$ 95,581
Cash paid for goods and services	(21,090)	1,998	-	(19,092)
Cash paid to employees for services	-	-	-	-
Net cash provided (used) by operating activities	<u>57,765</u>	<u>18,548</u>	<u>176</u>	<u>76,489</u>
Cash flows from noncapital financing activities:				
Transfers to general fund	-	(457,346)	(438,707)	(896,053)
Net cash provided by noncapital financing activities	<u>-</u>	<u>(457,346)</u>	<u>(438,707)</u>	<u>(896,053)</u>
Net (decrease) increase in cash and cash equivalents	57,765	(438,798)	(438,531)	(819,564)
Cash and cash equivalents, beginning of year	13,870	438,798	438,531	891,199
Cash and cash equivalents, end of year	<u>\$ 71,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,635</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	<u>\$ 56,026</u>	<u>\$ (1,344)</u>	<u>\$ (153)</u>	<u>\$ 54,529</u>
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,409	-	-	1,409
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	320	17,808	329	18,457
Increase (decrease) in accounts payable	10	2,084	-	2,094
Increase (decrease) in customer deposits	-	-	-	-
Increase (decrease) in compensated absences	-	-	-	-
Total adjustments	<u>1,739</u>	<u>19,892</u>	<u>329</u>	<u>21,960</u>
Net cash provided (used) by operating activities	<u>\$ 57,765</u>	<u>\$ 18,548</u>	<u>\$ 176</u>	<u>\$ 76,489</u>

The accompanying notes are an integral part of the financial statements.

Town of Laurel Park, North Carolina
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Town of Laurel Park, North Carolina (the Town) and its discretely presented component unit conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town is a municipal corporation, which is governed by an elected mayor and a four-member council. The municipality utilizes the council-manager form of government. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statement in order to emphasize that it is legally separate from the Town.

Town of Laurel Park ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative office located at 1709 Brevard Road, Hendersonville, NC 28739.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. 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 Town and for each function of the Town'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 Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The Town 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 funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. 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 and State grants and various other taxes and licenses. The primary expenditures are for general government services, public safety, streets and highways, environmental protection and parks. The Town has two separate capital reserve funds that are consolidated with the general fund in accordance with the guidance of GASB 54.

Coronavirus State and Local Recovery Grant Project Fund: This fund was established to account for the funds received by the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021. The Town will use the funds for stormwater infrastructure.

Roads and Powell Bill Capital Project Fund: The fund was established to account for improvement of Town roads and will be funded through general fund appropriations.

The Town reports the following non-major governmental funds:

Laurel Green Stream Restoration Capital Project Fund: The fund was established to account for improvement of Town streams. Funding for the project is from a grant from the North Carolina Department of Public Safety.

The Town reports no major enterprise funds at June 30, 2022. The Town water and sewer funds were closed out in fiscal 2022, with remaining assets being transferred to the general fund. The Town stormwater fund, a non-major fund, continues operations, with revenues billed and collected by the City of Hendersonville and remitted to the Town on a monthly basis.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town 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. Non-exchange transactions, in which the Town gives

(or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise fund is charges to customers for sales and services. Operating expenses for the enterprise fund include operation and administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating 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 accrued vacation, 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 Town 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 a 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 utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Henderson County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the Town 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 Town'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 Town's budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Highway 64 Sidewalk and Greenspace Capital Reserve Fund, the Laurel Green Stream Restoration Project Capital Reserve Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Coronavirus State and Local Fiscal Recovery Grant Fund, Roads and Powell Bill Capital Project Fund, and Laurel Green Stream Restoration Capital Project Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. All amendments must be approved by the governing board. 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.

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

Deposits and Investments

All deposits of the Town and the ABC Board are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The Town and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the ABC Board 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 Town and the ABC Board 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Cash Management Trust (NCCMT). The Town's and the ABC Board's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Cash and Cash Equivalents

The Town 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. The ABC Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Restricted Assets

The cash and cash equivalent balances for both the Highway 64 Sidewalk Capital Reserve Fund and the Laurel Green Stream Restoration Project Capital Reserve Fund are classified as restricted as their use has been restricted to capital needs. The Coronavirus State and Local Recovery Grant Project Fund and the Laurel Green Stream Restoration Capital Project Fund cash are restricted as its use was restricted by the original grant proceeds received by the funds. Powell Bill funds are also classified as restricted cash because it 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.

Town of Laurel Park Restricted Cash

Governmental Activities	
General Fund	
Streets	\$ -
Capital Reserve for Highway 64	90,000
Capital Reserve for Laurel Green Stream	965
Coronavirus State and Local Fiscal Recovery Grant Project	371,283
Laurel Green Stream Restoration Capital Project	309,300
Total Restricted Cash - Governmental Activities	<u>\$ 771,548</u>

Ad Valorem Taxes Receivable

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the Town 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, 2021. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

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.

Inventory and Prepaid Items

The inventory of the ABC Board is valued at cost (first-in, first-out), which approximates market.

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

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. Minimum capitalization cost is \$1,000. 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. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives(years)
Building	40
Land Improvements	10-50
Plant & Distribution System	10-50
Furniture	10
Equipment and Vehicles	7
Computer Equipment	7-10
Computer Software	10

Right to Use Assets

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

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 Town has one item that meet this criterion, pension deferrals for the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category – property taxes receivable and pension deferrals.

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.

In fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

Accrued Vacation

Each full-time employee of the Town shall earn annual leave at the following schedule, prorated by the average number of hours in the workweek:

<u>Years of Service</u>	<u>Accrued Per Year</u>
0 – 4	two (2) weeks
5 – 9	three (3) weeks
10 +	four (4) weeks

Vacation leave may be accumulated without any applicable maximum until December 31 of each year. However, if the employee departs from service, payment for accumulated vacation leave shall not exceed two hundred forty (240) hours. Effective the last payroll in the calendar year, any employee with more than two hundred forty (240) hours of accumulated leave shall have the excess accumulation removed. Employees who take a minimum of one week (5 days for a regular work week employee) of vacation during the calendar year may have any excess vacation leave over two hundred forty (240) hours converted to sick leave. Employees who do not take a minimum of one week or 40 hours of vacation will lose the excess vacation. The Town records a liability for accrued vacation.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but 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 Town does not have an obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Reimbursement for Pandemic-related Expenditures

In fiscal year 2021, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The Town was allocated \$742,566 of the fiscal recovery funds to be paid in two equal installments. The first installment of \$371,283 was received in July 2021 and was reported in the Coronavirus State and Local Recovery Grant Project Fund as unearned revenue. The second installment was received in July 2022. The Town plans to use these funds for stormwater infrastructure improvements.

Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, 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 Balance

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

The governmental fund types classify fund balance 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.

Prepays – portion of fund balance that is not an available resource because it represents the year end balance in prepaid expenditures, which are not spendable resources.

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

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

Restricted for Capital Reserve for Highway 64 Sidewalk and Greenspace – the portion of fund balance restricted by the Board for the construction of greenspaces, sidewalks and pedestrian amenities along Highway 64/Brevard Road.

Restricted for Capital Reserve for Laurel Green Stream Restoration Project – the portion of fund balance restricted by the Board for the construction and restoration of the Laurel Green Stream.

Restricted for Capital Projects – the portion of fund balance restricted by the revenue source for grant and capital projects.

Committed Fund Balance – the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town'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.

Assigned Fund Balance – the portion of fund balance that the Town 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 as restricted or committed. The governing body approves the appropriations; however, the budget ordinance authorizes the Finance Officer to reallocate departmental appropriations among the various expenditures within each department. The authority also permits the Finance Officer to make interdepartmental transfers of minor budget amendments not to exceed 10% (ten percent) of the appropriated funds for the department's allocation that is being used.

Assigned for capital projects – portion of fund balance that is appropriated for the Roads and Powell Bill Capital Project Fund.

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

The Town of Laurel Park 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-town funds, town 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 Town.

Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, 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 Town of Laurel Park's employer contributions are recognized when due and the Town of Laurel Park has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

Note 2 – Detail Notes on All Funds

A. Assets

Deposits

All the deposits of the Town and the ABC Board 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 Town's or ABC Board's agent in the unit's name. 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 Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board'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 Town or the ABC Board or their escrow agent. Because of the inability to measure

the exact amounts of collateral pledged for the Town or the ABC Board 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 Town and the ABC Board do not have a deposit policy for custodial credit risk.

On June 30, 2022, the Town’s deposits had a carrying amount of \$1,249,944 and a bank balance of \$1,352,246. The carrying amount of the deposits for the ABC Board was \$251,605 and a bank balance of \$250,896. Of the bank balance of the Town, \$442,000 is covered by federal depository insurance and the balance is covered under the Pooling Method. Of the bank balance of the ABC Board, \$250,000 is covered by federal depository insurance and the balance is covered under the Pooling Method. The Town has \$100 of cash on hand.

Investments

At June 30, 2022, the Town’s investment balances were as follows:

Investment Type	Valuation Measurement Method	Book Value at 6/30/2022	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	<u>\$ 3,032,444</u>	N/A	AAAm

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. The Town has no formal investment policy regarding interest rate risk.

Credit risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town’s investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town’s investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor’s and AAAmf by Moody’s investors Service as of June 30, 2022.

Custodial credit risk. The Town has no formal policy on custodial credit risk, but has internal management procedures that limits the Town’s investments to the provisions of G.S 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated.

At June 30, 2022, the ABC Board had no investments.

Receivables - Allowances for Doubtful Accounts

The amounts of taxes receivable presented in the Balance Sheet and the Statement of Net Position included penalties levied and outstanding in the amount of \$5,544.

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

	<u>June 30, 2022</u>
General Fund:	
Taxes receivable	\$ <u>11,384</u>
Enterprise Funds:	
Stormwater fund – accounts receivable	<u>-</u>
Total	<u>\$ 11,384</u>

Capital Assets

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

	<u>Beginning Balances</u>	<u>Water Fund Transfers</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:					
Capital Assets Not Being Depreciated:					
Land	\$ 616,416	\$ 46,201	\$ 470,538	\$ -	\$ 1,133,155
Projects in process	<u>-</u>	<u>-</u>	<u>76,035</u>	<u>-</u>	<u>76,035</u>
Total capital assets not being depreciated	<u>616,416</u>	<u>46,201</u>	<u>546,573</u>	<u>-</u>	<u>1,209,190</u>
Capital Assets Being Depreciated:					
Land Improvements	512,958	-	-	-	512,958
Buildings	628,504	56,480	-	-	684,984
Furniture & Fixtures	40,847	-	7,504	-	48,351
Equipment	298,379	39,329	48,236	-	385,944
Computer Equipment	36,575	-	5,107	-	41,682
Vehicles	<u>987,845</u>	<u>-</u>	<u>-</u>	<u>215,888</u>	<u>771,957</u>
Total capital assets being depreciated	<u>2,505,108</u>	<u>95,809</u>	<u>60,847</u>	<u>215,888</u>	<u>2,445,876</u>
Less Accumulated Depreciation For:					
Land Improvements	185,778	-	13,231	-	199,009
Buildings	268,982	48,305	17,725	-	335,012
Furniture & Fixtures	26,738	-	3,512	-	30,250
Equipment	174,638	41,104	42,162	-	257,904
Computer Equipment	30,598	-	2,859	-	33,457
Vehicles	<u>683,786</u>	<u>-</u>	<u>46,679</u>	<u>17,324</u>	<u>713,141</u>
Total accumulated depreciation	<u>1,370,520</u>	<u>89,409</u>	<u>126,168</u>	<u>17,324</u>	<u>1,568,773</u>
Total capital assets being depreciated, net	<u>1,134,588</u>				<u>877,103</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,751,004</u>				<u>\$ 2,086,293</u>

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

General government	\$ 13,327
Public Safety	31,749
Transportation	62,816
Parks	<u>18,276</u>
	<u>\$ 126,168</u>

Business-Type:

The capital assets for the Proprietary Water Fund for the year ended June 30, 2022 are as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 46,201	\$ -	\$ 46,201	\$ -
Total capital assets not being depreciated	<u>46,201</u>	<u>-</u>	<u>46,201</u>	<u>-</u>
Capital Assets Being Depreciated:				
Plant and Distribution System	56,480	-	56,480	-
Furniture & Equipment	<u>39,329</u>	<u>-</u>	<u>39,329</u>	<u>-</u>
Total capital assets being depreciated	<u>95,809</u>	<u>-</u>	<u>95,809</u>	<u>-</u>
Less Accumulated Depreciation For:				
Plant and Distribution System	50,796	-	50,796	-
Furniture & Equipment	<u>38,613</u>	<u>-</u>	<u>38,613</u>	<u>-</u>
Total accumulated depreciation	<u>89,409</u>	<u>-</u>	<u>89,409</u>	<u>-</u>
Total capital assets being depreciated, net	<u>6,400</u>			<u>-</u>
Water Fund Capital Assets, Net	<u>\$ 52,601</u>			<u>\$ -</u>

The Town closed the water and sewer funds in fiscal year 2022 and transferred the remaining water fund assets to the general fund.

The capital assets for the Proprietary Stormwater Fund for the year ended June 30, 2022 are as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities:				
Capital Assets Being Depreciated:				
Stormwater Improvements	\$ 42,284	\$ -	\$ -	\$ 42,284
Total capital assets being depreciated	<u>42,284</u>	<u>-</u>	<u>-</u>	<u>42,284</u>
Less Accumulated Depreciation For:				
Stormwater Improvements	822	1,409	-	2,231
Total accumulated depreciation	<u>822</u>	<u>1,409</u>	<u>-</u>	<u>2,231</u>
Total capital assets being depreciated, net	<u>41,462</u>			<u>40,053</u>
Stormwater Fund Capital Assets, Net	<u>\$ 41,462</u>			<u>\$ 40,053</u>

The capital assets of the Town of Laurel Park ABC Board are fully depreciated as of June 30, 2022.

Right to Use Leased Assets

The Town has recorded three categories of right to use leased assets. The assets are right to use assets for leased computer equipment, office equipment and vehicles. The related leases are discussed in the Leases subsection of the Long-term obligations section of the notes. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Right to use assets				
Leased vehicles	\$ -	\$ 197,874	\$ -	\$ 197,874
Leased office equipment	-	8,823	-	8,823
Leased computer equipment	-	36,601	-	36,601
Total right to use assets	-	243,298	-	243,298
Less accumulated amortization for:				
Leased vehicles	-	42,873	-	42,873
Leased office equipment	-	2,161	-	2,161
Leased computer equipment	-	8,963	-	8,963
Total accumulated amortization	-	53,997	-	53,997
Right to use assets, net	\$ -	\$ 189,301	\$ -	\$ 189,301

The ABC Board has recorded one right to use lease asset. The asset is a right to use leased asset for real property. The related lease is discussed in the lease subsection of the long-term obligations section of the Notes to the Financial Statements.

Right to use leased asset activity for the ABC Board for the year ended June 30, 2022 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Right to use assets				
Leased building	\$ -	\$ 383,474	\$ -	\$ 383,474
Total right to use assets	-	383,474	-	383,474
Less accumulated amortization for:				
Leased building	-	27,229	-	27,229
Total accumulated amortization	-	27,229	-	27,229
Right to use assets, net	\$ -	\$ 356,245	\$ -	\$ 356,245

B. Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Town and the ABC Board is a participating employer in to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. 12 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. Town of Laurel Park employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Laurel Park's contractually required contribution rate for the

year ended June 30, 2022, was 12.04% of compensation for law enforcement officers and 11.41% for general employees, 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 Town of Laurel Park were \$108,903 for the year ended June 30, 2022.

Refunds of Contributions – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual’s right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2022, the Town reported a liability of \$212,863 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the Town’s proportion was 0.01388%, which was a decrease of 0.00096% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$77,684. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 67,719	\$ -
Changes of assumptions	133,732	-
Net difference between projected and actual earnings on pension plan investments	-	304,117
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	43,081
Town contributions subsequent to the measurement date	108,903	-
Total	\$ 310,354	\$ 347,198

\$108,903 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 1,842
2024	(23,071)
2025	(31,456)
2026	(93,062)
2027	-
Thereafter	-
	<u>\$ (145,747)</u>

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

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

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

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

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore 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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Opportunistic Fixed Income	7.0%	6.0%
Inflation Sensitive	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the as part of a study conducted in 2016 and is part of the 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 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.5%. 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 Town’s proportionate share of the net pension liability to changes in the discount rate. The following presents the Town’s proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 826,317	\$ 212,863	\$ (291,974)

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

Law Enforcement Officers Special Separation Allowance

Plan Description. The Town of Laurel Park administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town’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 0.85 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 Town law enforcement officers are covered by the Separation Allowance.

At December 31, 2021, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>6</u>
Total	<u>6</u>

Summary of Significant Accounting Policies

Basis of Accounting. The Town 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 Statement 73.

Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020.

Mortality rates are based on the RP-2014 Mortality tables with adjustments for mortality improvements based on Scale AA.

Contributions.

The Town 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 Town'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 the general fund. The Town did not pay any benefits for the reporting period.

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

At June 30, 2022, the Town reported a total pension liability of \$160,080. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$23,429.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,117	\$ 13,757
Changes of assumptions and other inputs	53,905	5,086
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 59,022</u>	<u>\$ 18,843</u>

No amount was reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date to be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 9,187
2024	9,279
2025	8,547
2026	7,895
2027	5,271
Thereafter	-
	<u>\$ 40,179</u>

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 2.25 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 173,856	\$ 160,080	\$ 147,328

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

	2022
Beginning balance	\$ 166,589
Service Cost	11,027
Interest on the total pension liability	3,215
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(16,456)
Changes of assumptions or other inputs	(4,295)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	\$ 160,080

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2014 through December 31, 2019.

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 77,684	\$ 23,429	\$ 101,113
Pension Liability	212,863	160,080	372,943
Proportionate share of the net pension liability	0.01388%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	67,719	5,117	72,836
Changes of assumptions and other inputs	133,732	53,905	187,637
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	108,903	-	108,903
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	13,757	13,757
Changes of assumptions	-	5,086	5,086
Net difference between projected and actual earnings on plan investments	304,117	-	304,117
Changes in proportion and differences between contributions and proportionate share of contributions	43,081	-	43,081

Supplemental Retirement Income Plan

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town 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. General employees may also make voluntary contributions to the plan. The Town is not required to contribute for general employees. However, the Town does contribute five percent of participating general employee salary.

The Town made contributions of \$18,037 for law enforcement officers and \$28,663 for general employees for the reporting year. No amounts were forfeited.

Other Employment Benefits

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

Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 108,903
Difference between expected and actual earnings	72,836
Changes of assumptions and other inputs	187,637
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
	<u>\$ 369,376</u>

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

Source	Statement of Net Position	General Fund Balance Sheet
Property taxes receivable (General Fund)	\$ -	\$ 4,397
Differences between expected and actual experience	13,757	-
Changes in assumptions	5,086	-
Net difference between projected and actual earnings on plan investments	304,117	
Changes in proportion and differences between contributions and proportionate share of contributions.	43,081	-
	<u>\$ 366,041</u>	<u>\$ 4,397</u>

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in self-funded risk financing pools administered by the North Carolina League of Municipalities and provides health insurance through the State Health Plan. Through these pools, the Town obtains general and auto liability of \$5 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to the statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability/ property in excess of \$500,000, and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The Town carries commercial coverage for risks of loss related to commercial property, automobiles, and public official dishonesty. Settled claims have not exceeded coverage in any of the last three fiscal years.

The Town became a full participating member in the National Flood Insurance Program on October 2, 2008. Residential property owners, renters, and commercial property owners may purchase flood insurance protection against losses from flooding. Due to the mountainous topography of the Town, less

than 1% of the overall incorporated area of the Town or about 10 acres is in a mapped flood plain. The Town Council has elected to not purchase flood insurance because no structures owned by the Town lie within a mapped flood plain area.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more of the Town's funds at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000. The tax collector is bonded for \$10,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

Long-Term Obligations

Leases

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

The first agreement was executed under a master equity lease agreement on May 5, 2020, to lease police and maintenance vehicles. In January and February 2021, the Town leased two public works vehicles and two police vehicles that collectively require 60 monthly payments totaling \$3,267. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.25%, which was the prime lending rate at the time of the lease execution. As a result of the lease, the Town has recorded a right to use assets with a net book value of \$155,001 at June 30, 2022. The right to use assets are discussed in more detail in the Intangible Asset section in Note 1.

The second agreement was executed under a master services agreement dated June 5, 2017. In May 2020, the Town entered into a virtual office advantage agreement which leases computer equipment for a term of 60 months, with per unit charges invoiced on a monthly basis. The monthly payment was \$523 for the months July – April, \$468 in May and \$838 in June when all computer units had been replaced with those under this agreement. The per unit rates increase 3% annually. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.25%, which the prime lending rate at the time of the lease execution. As a result of the lease, the Town has recorded a right to use assets with a net book value of \$27,637 at June 30, 2022. The right to use assets are discussed in more detail in the Intangible Asset section in Note 1.

The third agreement was executed in July 2020 to lease a copy machine and requires 60 monthly payments of \$192. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.25%, which the prime lending rate at the time of the lease execution. As a result of the lease, the Town has recorded a right to use assets with a net book value of \$6,662 at June 30, 2022. The right to use assets are discussed in more detail in the Intangible Asset section in Note 1

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

Year Ending June 30	Principal Payments	Interest Payments	Total
2023	\$ 46,935	\$ 4,853	\$ 51,788
2024	48,796	3,300	52,096
2025	50,728	1,686	52,414
2026	24,258	262	24,520
	<u>\$ 170,717</u>	<u>\$ 10,101</u>	<u>\$ 180,818</u>

Changes in long term liabilities for the primary government are as follows:

	Beginning of year	Additions	Retirements	End of year	Current Portion
Governmental Activities:					
Lease liabilities	\$ -	\$ 212,675	\$ 41,958	\$ 170,717	\$ 46,935
Accrued vacation	55,162	40,088	31,150	64,100	-
Net pension liability (LGERS)	496,076	-	283,213	212,863	-
Total pension liability (LEO)	166,589	-	6,509	160,080	-
	<u>\$ 717,827</u>	<u>\$ 252,763</u>	<u>\$ 362,830</u>	<u>\$ 607,760</u>	<u>\$ 46,935</u>
Business-Type Activities:					
Net pension liability (LGERS)	\$ 34,220	-	\$ 34,220	-	\$ -

Accrued vacation generally has been liquidated in the general fund.

At June 30, 2022, the legal debt margin for the Town is \$35,897,546.

Interfund Balances and Activity

Interfund loan – On October 20, 2015, the water fund borrowed \$93,200 from the sewer fund to fund an equipment purchase. On June 21, 2016, the Town Council restructured the loan to forgive \$53,200 of the loan in fiscal year 2017. This amount is presented in the Statement of Revenues, Expenses and Changes in Fund Net Position as loan forgiveness in the transfers section. The revised terms of the arrangement require the water fund to repay the sewer fund \$4,000 per year over ten years with no interest. The water and sewer funds were closed in fiscal year 2022. The balance of this interfund loan, \$24,000, is presented in the Statement of Revenues, Expenses and Changes in Fund Net Position for the Proprietary Funds as interfund loan forgiveness. In the government-wide Statement of Activities, these amounts eliminate for presentation in the business-type activities.

Transfers to/from other funds at June 30, 2022, consisted of the following:

From General Fund to Highway 64 Sidewalk and Greenspace Capital Reserve Fund for future capital needs	<u>\$ 30,000</u>
From General Fund to Laurel Green Stream Restoration Project Capital Reserve Fund for future capital needs	<u>\$ 47,000</u>

From General Fund to Roads and Powell Bill Capital Project Fund for capital projects	<u>\$1,000,000</u>
From Water Fund to General Fund	<u>\$ 455,797</u>
From Sewer Fund to General Fund	<u>\$ 438,707</u>

In addition to the transfers from the water fund to the general fund listed above, capital assets, net of accumulated depreciation, of \$52,600 and pension-related liabilities of \$20,730 were also transferred in closing out the water fund.

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations.

Fund Balance

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

Total fund balance-general fund	\$ 2,747,859
Less:	
Prepays	8,395
Stabilization by State Statute	306,508
Capital reserves	90,964
Subsequent year's expenditures	290,218
Remaining fund balance	<u><u>\$ 2,051,774</u></u>

Jointly Governed Organization

The Town, in conjunction with other area counties and municipalities, is a member of the Land of Sky Regional Council (the Council). The governments participate within the Council to coordinate various funding received from federal and State agencies. Each participating government, including the Town, pays annual dues and appoints two members to the Council's governing board.

Federal and State Assisted Programs

The Town has received proceeds from 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 monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Litigation

The Town is currently a party to three pending claims that could result in litigation. While the ultimate cost of defending any existing legal matters could be significant in amount, it is the opinion of the Town's management and the Town's attorney that any potential outcome will not have a material adverse effect on the Town's financial position.

Restatements

Change in Accounting Principle

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases, effective July 1, 2021. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease assets. The changes were incorporated in the Town's 2022 financial statements and had an effect on the beginning net position of the general fund due to certain leases of vehicles being previously considered as capital leases and are now operating leases under the new standard.

The implementation of GASB No. 87 had the following effect on fund balance and net position as reported June 30, 2022:

	<u>General Fund</u>
Fund balance, July 1, as previously reported	\$ 2,929,765
Adjustments:	
Reverse capital outlay of assets under capital leases	(198,565)
Reverse financing proceeds of capital leases	166,787
Record capital outlay of leased assets	197,874
Record financing proceed of leased assets	(167,251)
	<u>(1,155)</u>
Fund balance, July 1, as restated	<u>\$ 2,928,610</u>
	<u>Governmental Activities</u>
Net position, beginning, as previously reported	\$ 4,162,630
Adjustments:	
Net book value of assets under capital leases	(198,565)
Capital lease liabilities	166,787
Net book value of leased assets	197,874
Lease liabilities	(167,251)
	<u>(1,155)</u>
Net position, beginning, as restated	<u>\$ 4,161,475</u>

Subsequent Events

On July 22, 2022, the Town received the second distribution of grant funding in the amount of \$371,283 through the Coronavirus State and Local Fiscal Recovery Fund of H.R 1319 American Rescue Plan of 2021. The Town has received \$742,566 from this funding.

Subsequent events have been reviewed through November 15, 2022, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Laurel Park, North Carolina
Town of Laurel Park's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Nine Fiscal Years *

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Laurel Park's proportion of the net pension liability (asset) (%)	0.01388%	0.01484%	0.01499%	0.01588%	0.01517%	0.01241%	0.01632%	0.01444%	0.01390%
Laurel Park's proportion of the net pension liability (asset) (\$)	\$ 212,863	\$ 530,296	\$ 409,365	\$ 376,728	\$ 231,756	\$ 263,382	\$ 13,581	\$ (85,160)	\$ 167,548
Laurel Park's covered-employee payroll	\$ 888,567	\$ 880,540	\$ 817,549	\$ 838,486	\$ 820,711	\$ 798,113	\$ 795,466	\$ 764,288	\$ 672,176
Laurel Park's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	23.96%	60.22%	50.07%	44.93%	28.24%	33.00%	1.71%	(11.14%)	24.93%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**Town of Laurel Park, North Carolina
Town of Laurel Park's Contributions
Required Supplementary Information
Last Nine Fiscal Years**

Local Government Employees' Retirement System

	<u>2022</u>	<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	\$ 108,903	\$ 92,885	\$ 81,688	\$ 66,363	\$ 66,109	\$ 62,726	\$ 55,540	\$ 58,296	\$ 55,640
Contributions in relation to the contractually required contribution	108,903	92,885	81,688	66,363	66,109	62,726	55,540	58,296	55,640
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Laurel Park's covered-employee payroll	\$ 933,994	\$ 888,567	\$ 880,540	\$ 817,549	\$ 838,486	\$ 820,711	\$ 798,113	\$ 795,466	\$ 764,288
Contributions as a percentage of covered-employee payroll	11.66%	10.45%	9.28%	8.12%	7.88%	7.64%	6.96%	7.33%	7.28%

Town of Laurel Park, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 166,589	\$ 81,697	\$ 69,122	\$ 57,259	\$ 45,584	\$ 40,457
Service Cost	11,027	6,940	6,268	6,654	5,573	4,857
Interest on the total pension liability	3,215	2,663	2,516	1,809	1,760	1,444
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(16,456)	2,741	928	6,750	(305)	-
Changes of assumptions or other inputs	(4,295)	72,548	2,863	(3,350)	4,647	(1,174)
Benefit payments	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 160,080</u>	<u>\$ 166,589</u>	<u>\$ 81,697</u>	<u>\$ 69,122</u>	<u>\$ 57,259</u>	<u>\$ 45,584</u>

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

Town of Laurel Park, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 160,080	\$ 166,589	\$ 81,697	\$ 69,122	\$ 57,259	\$ 45,584
Covered payroll	300,521	343,763	330,825	326,753	307,591	257,741
Total pension liability as a percentage of covered payroll	53.3%	48.5%	24.7%	21.2%	18.6%	17.7%

Notes to the schedules:

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

INDIVIDUAL FUND FINANCIAL STATEMENTS

Town of Laurel Park, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad valorem taxes			
Current year	\$	\$ 1,949,004	\$
Prior year		2,092	
Penalties and interest		1,148	
Total ad valorem taxes	<u>1,865,200</u>	<u>1,952,244</u>	<u>87,044</u>
Unrestricted intergovernmental revenues			
Local option sales tax		907,174	
Utility sales tax distribution		148,079	
Cable TV franchise tax		22,734	
Solid waste disposal tax		1,725	
Beer and wine tax		8,946	
Payments in lieu of taxes-outside sources		8,000	
ABC profit distribution		101,179	
Total unrestricted intergovernmental revenues	<u>931,200</u>	<u>1,197,837</u>	<u>266,637</u>
Restricted intergovernmental revenues			
Powell Bill "State Street-Aid" allocation		105,109	
ABC funds for law enforcement		15,207	
Total restricted intergovernmental revenues	<u>95,000</u>	<u>120,316</u>	<u>25,316</u>
Permits and fees			
Building permits		5,610	
Court fees		180	
Total licenses and permits	<u>2,075</u>	<u>5,790</u>	<u>3,715</u>
Investment earnings	<u>2,000</u>	<u>3,104</u>	<u>1,104</u>
Miscellaneous	<u>18,000</u>	<u>29,141</u>	<u>11,141</u>
Total revenues	<u>2,913,475</u>	<u>3,308,432</u>	<u>394,957</u>

Town of Laurel Park, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
General government:			
Governing body:			
Stipend	\$	\$ 12,600	\$
Board member expense		26,627	
Payroll taxes		964	
Professional services		16,675	
Capital outlay		6,201	
Total	<u>73,800</u>	<u>63,067</u>	<u>10,733</u>
Administration:			
Salaries and wages		270,432	
Payroll taxes		20,618	
Employee benefits		66,879	
Professional services		6,447	
Supplies		4,537	
Miscellaneous		3,826	
Travel & training		11,373	
Utilities		14,746	
Postage		1,998	
Repairs and maintenance		30,958	
Advertising		3,091	
Elections		3,393	
Centennial		2,526	
Contracted services		29,010	
Insurance		30,197	
Dues and subscriptions		14,889	
Bank service charge		2,504	
Credit card fees		545	
Tax collector's fee		13,670	
Capital outlay		511,042	
Total	<u>1,046,075</u>	<u>1,042,681</u>	<u>3,394</u>
Total general government	<u>1,119,875</u>	<u>1,105,748</u>	<u>14,127</u>
Public safety:			
Police:			
Salaries and wages		381,998	
Payroll taxes		28,223	
Employee benefits		128,344	
Insurance		6,722	
Professional services		670	
Supplies		56,266	
Uniforms		6,578	

Town of Laurel Park, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Police (continued):			
Travel & training		873	
Utilities		9,028	
Contracted services		4,259	
Repairs and maintenance		23,506	
Dues and subscriptions		-	
Capital outlay		10,592	
Miscellaneous		1,246	
	<u>711,000</u>	<u>658,305</u>	<u>52,695</u>
Fire:			
Contracted services	<u>435,000</u>	<u>430,000</u>	<u>5,000</u>
Total public safety	<u>1,146,000</u>	<u>1,088,305</u>	<u>57,695</u>
Transportation:			
Streets and highways:			
Salaries and wages		306,782	
Payroll taxes		22,322	
Employee benefits		110,954	
Insurance		12,465	
Professional fees		1,999	
Utilities		16,362	
Fees and permits		1,661	
Repairs and maintenance		16,026	
Software support		4,992	
Uniforms		4,037	
Supplies		41,422	
Travel & training		1,250	
Powell Bill		224,508	
Contracted services		14,744	
Miscellaneous		892	
Capital outlay		33,607	
Total transportation	<u>843,000</u>	<u>814,023</u>	<u>28,977</u>
Environmental protection:			
Solid waste:			
Contracted services	<u>190,000</u>	<u>168,263</u>	<u>21,737</u>
Parks:			
Salaries and wages		45,367	
Payroll taxes		3,107	
Employee benefits		21,444	
Professional services		9,190	
Miscellaneous		444	

Town of Laurel Park, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Parks (continued):			
Equipment & supplies		8,034	
Travel & training		86	
Utilities		508	
Park maintenance		13,488	
Contract services		1,500	
Jump Off Rock		(403)	
Laurel Green		3,729	
Rhododendron Lake Park		7,992	
Capital outlay		14,677	
Total parks	173,700	129,163	44,537
Debt service:			
Principal retirement		41,958	
Interest and other charges		6,079	
Total debt service	70,000	48,037	21,963
Total expenditures	3,542,575	3,353,539	189,037
Revenues over (under) expenditures	(629,100)	(45,107)	583,993
Other financing sources (uses):			
Lease liabilities issued	-	45,888	45,888
Sale of capital assets	35,000	-	(35,000)
Transfers from other funds			
Water Fund	455,797	455,797	-
Sewer Fund	438,707	438,707	-
Transfer to other funds			
Highway 64 Sidewalk and Greenspace Capital Reserve Fund	(30,000)	(30,000)	-
Laurel Green Stream Restoration Project Capital Reserve Fund	(47,000)	(47,000)	-
Roads and Powell Bill Capital Project Fund	(1,000,000)	(1,000,000)	-
Total other financing sources (uses):	(147,496)	(136,608)	10,888
Fund balance appropriated	776,596	-	(776,596)
Revenues and other sources over (under) expenditures and other uses	\$ -	(181,715)	\$ (181,715)
Fund balances:			
Beginning of year, July 1		2,839,765	
Prior period restatement - change in accounting principle		(1,155)	
Beginning of year, July 1, as restated		2,838,610	
End of year, June 30		\$ 2,656,895	

Town of Laurel Park, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Highway 64 Sidewalk and Greenspace Capital Reserve Fund
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Fund balance appropriated	(30,000)	-	(30,000)
Transfers from general fund	<u>30,000</u>	<u>30,000</u>	<u>-</u>
	<u>-</u>	<u>30,000</u>	<u>(30,000)</u>
Net change in fund balance	<u><u>\$ -</u></u>	30,000	<u><u>\$ 30,000</u></u>
Fund balance:			
Beginning year, July 1		<u>60,000</u>	
End of year, June 30		<u><u>\$ 90,000</u></u>	

Town of Laurel Park, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Laurel Green Stream Restoration Project Capital Reserve Fund
For the Year Ended June 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ -	\$ -	\$ -
Expenditures			
Parks:			
Professional services	-	26,359	(26,359)
Contracted services	77,000	49,677	27,323
Total expenditures	77,000	76,036	964
Revenues over (under) expenditures	(77,000)	(76,036)	964
Other financing sources (uses):			
Fund balance appropriated	30,000	-	(30,000)
Transfers from general fund	47,000	47,000	-
	77,000	47,000	(30,000)
Net change in fund balance	\$ -	(29,036)	\$ (29,036)
Fund balance:			
Beginning year, July 1		30,000	
End of year, June 30		\$ 964	

Town of Laurel Park, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Coronavirus State and Local Fiscal Recovery Grant Project Fund
From Inception and For the Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Year</u>	<u>Current Year</u>		
Revenues					
Grants	\$ 742,565	\$ -	\$ -	\$ -	\$ (742,565)
Expenditures					
Public Works					
Professional services	371,283	-	-	-	371,283
Contracted services	371,282	-	-	-	371,282
Total expenditures	742,565	-	-	-	742,565
Revenues over (under) expenditures	-	-	-	-	-
Other financing sources (uses):	-		-		-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance:					
Beginning year, July 1			-		
End of year, June 30			\$ -		

Town of Laurel Park, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Roads and Powell Bill Capital Project Fund
From Inception and For the Year Ended June 30, 2022

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Year	Current Year		
Revenues					
Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures					
Public Works					
Professional services	80,000	-	-	-	80,000
Road repair materials	30,000	-	-	-	30,000
Contracted services	800,000	-	-	-	800,000
Contingency	90,000	-	-	-	90,000
Total expenditures	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Revenues over (under) expenditures	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>
Other financing sources (uses):					
Transfers from general fund	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,000,000</u>	<u>\$1,000,000</u>	<u>\$ 1,000,000</u>
Fund balance:					
Beginning year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 1,000,000</u>		

Town of Laurel Park, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Laurel Green Stream Restoration Capital Project Fund
From Inception and For the Year Ended June 30, 2022

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Year	Current Year		
Revenues					
Grants	\$ 317,000	\$ -	\$ 317,000	\$ 317,000	\$ -
Expenditures					
Parks					
Professional services	117,000	-	7,700	7,700	109,300
Contracted services	200,000	-	-	-	200,000
Total expenditures	<u>317,000</u>	<u>-</u>	<u>7,700</u>	<u>7,700</u>	<u>309,300</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	309,300	<u>\$ 309,300</u>	<u>\$ 309,300</u>
Fund balance:					
Beginning year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 309,300</u>		

Town of Laurel Park, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Operating Revenues	\$ -	\$ -	\$ -
Nonoperating revenues	-	-	-
Total revenues	-	-	-
Expenditures			
Administration:			
Contracted services	2,500	-	2,500
Miscellaneous	2,500	61	2,439
Total administration	5,000	61	4,939
Operations:			
Professional services	-	25	(25)
Bad debts	-	1,258	(1,258)
Total operations	-	1,283	(1,283)
Total expenditures	5,000	1,344	3,656
Revenue over (under) expenditures	(5,000)	(1,344)	3,656
Other financing sources (uses):			
Transfers to general fund	(455,797)	(455,797)	-
Fund balance appropriated	460,797	-	(460,797)
	5,000	(455,797)	(460,797)
Revenues and other financing sources over expenditures	\$ -	(457,141)	\$ (457,141)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Transfer capital assets to general fund		(52,600)	
Transfer of pension related items to general fund:			
Deferred outflows related to pensions		(16,466)	
Pension liability		34,220	
Deferred inflows related to pensions		2,976	
Loan repayment to sewer fund		24,000	
Change in net position		\$ (465,011)	

Town of Laurel Park, North Carolina
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Operating Revenues	\$ -	\$ -	\$ -
Nonoperating revenues	-	-	-
Total revenues	-	-	-
Expenditures			
Operations:			
Bad debts		153	
Total expenditures	5,000	153	4,847
Revenue over (under) expenditures	(5,000)	(153)	4,847
Other Financing Sources (Uses):			
Fund balance appropriated	443,707	-	(443,707)
Transfer to general fund	(438,707)	(438,707)	-
Loan forgiveness to water fund	-	(24,000)	(24,000)
	5,000	(462,707)	(467,707)
Revenues and other financing sources over expenditures	\$ -	(462,860)	\$ (462,860)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Change in net position		\$ (462,860)	

Town of Laurel Park, North Carolina
Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Sewer charges	\$ 73,000	\$ 78,525	\$ 5,525
Nonoperating revenues			
Total nonoperating revenues	-	-	-
Total revenues	73,000	78,525	5,525
Expenditures			
Administration:			
Collection fees	7,500	7,814	(314)
Equipment and supplies	1,000	8,078	(7,078)
Advertising and printing	1,000	-	1,000
	9,500	15,892	(6,392)
Operations:			
Professional services	10,000	1,051	8,949
Contracted services	-	4,147	(4,147)
Miscellaneous	1,000	-	1,000
Capital outlay	52,500	-	52,500
Total expenditures	63,500	5,198	58,302
Total expenditures	73,000	21,090	51,910
Revenue over (under) expenditures	-	57,435	57,435
Other Financing Sources (Uses):			
Fund balance appropriated	-	-	-
	-	-	-
Revenues and other financing sources over expenditures	\$ -	57,435	\$ 57,435
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(1,409)	
Change in net position		\$ 56,026	

OTHER SCHEDULES

Town of Laurel Park, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2022

Fiscal year	Uncollected Balance June 30, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 1,951,929	\$ 1,949,005	\$ 2,924
2020-2021	2,907	-	2,078	829
2019-2020	658	-	13	645
2018-2019	1,750	-	-	1,750
2017-2018	1,677	-	-	1,677
2016-2017	2,407	-	-	2,407
2015-2016	2,311	-	-	2,311
2014-2015	880	-	-	880
2013-2014	1,222	-	-	1,222
2012-2013	1,137	-	-	1,137
2011-2012	1,777	-	1,777	-
	<u>\$ 16,726</u>	<u>\$ 1,951,929</u>	<u>\$ 1,952,873</u>	<u>\$ 15,782</u>
Less: allowance for uncollectible accounts - general fund				<u>11,385</u>
Ad valorem taxes receivable - net				<u>\$ 4,397</u>
Reconciliation with revenues				
Ad valorem taxes - general fund				\$ 1,952,244
Write-offs				1,777
Penalties and interest				<u>(1,148)</u>
Total collections and credits				<u>\$ 1,952,873</u>

Town of Laurel Park, North Carolina
Analysis of Current Tax Levy
June 30, 2022

	Town-Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy	\$ 448,636,641	\$ 0.435	\$ 1,951,569	\$ 1,828,971	\$ 122,598
Discoveries	144,048	0.435	627	627	-
Releases	(61,370)	0.435	(267)	(31)	(236)
Adjusted levy	<u>\$ 448,719,320</u>				
Net levy			1,951,929	1,829,567	122,362
Uncollected taxes at June 30, 2022			(2,924)	(2,924)	-
Current year's taxes collected			<u>\$ 1,949,005</u>	<u>\$ 1,826,643</u>	<u>\$ 122,362</u>
Current levy collection percentage			<u>99.85%</u>	<u>99.84%</u>	<u>100.00%</u>

OTHER REPORT

BURLESON & EARLEY, P.A.

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 Governing Council
Town of Laurel Park
Laurel Park, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Laurel Park, North Carolina as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Laurel Park's basic financial statements, and have issued our report thereon dated November 15, 2022. The financial statements of the Town of Laurel Park's ABC Board were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Town of Laurel Park's ABC Board.

Internal Control Over Financial Reporting

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

POST OFFICE BOX 2125 ♦ CANDLER, NC 28715
902 SAND HILL ROAD ♦ ASHEVILLE, NC 28806
TELEPHONE: (828) 251-2846 ♦ FAX: (828) 665-8079

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Town of Laurel Park'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 financial statements. 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 results of that testing, and not to provide an opinion on the effectiveness of the Town of Laurel Park'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 Town of Laurel Park's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Burleson & Earley, P.A.

Certified Public Accountants

Asheville, North Carolina

November 15, 2022