

# CITY OF LOCUST, NC

## Annual Comprehensive Financial Report

June 30, 2024



**City of Locust,  
North Carolina**

Annual Comprehensive  
Financial Report

For the Fiscal Year Ended  
June 30, 2024

Prepared by:  
Stephania Morton, Finance Director  
Cesar Correa, City Manager



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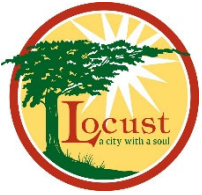


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## INTRODUCTORY SECTION

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**City of Locust**  
**Post Office Box 190**  
**Locust, North Carolina 28097-0190**  
**704-888-5260**

October 25, 2024

To the Citizens, Mayor, and Council of the City of Locust, North Carolina:

We are honored to submit the Annual Comprehensive Financial Report (ACFR) for your review and use. This report was prepared by the Locust Finance Department and is an enhancement to the basic Financial Reports. North Carolina General Statutes - Section 159 requires that each local government produce financial reports annually which are in accordance with Generally Accepted Accounting Principles (GAAP) and that these statements are audited, using Generally Accepted Auditing Standards (GAAS) by an independent firm of Certified Public Accountants. This report fulfills this requirement for the fiscal year ending June 30, 2024.

City management is responsible for both the accuracy of the data and the completeness and fairness of the report. We believe the data is accurate in all material respects and is presented in a manner which fairly reflects the city's financial position. To ensure reliability of the information, town management has established a comprehensive framework of internal controls. Internal controls protect the city's assets from loss, theft and misuse, and provide reliable information for the preparation of this report. Because the cost of internal controls should not outweigh their benefits, the city's controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, to the best of our knowledge and belief, this financial report is complete, accurate and reliable in all material respects.

As noted earlier, the City of Locust is required by state law to have an annual independent financial audit. Strickland Hardee PLLC, conducted the audit and concluded in an unmodified ("clean") opinion that the financial statements present fairly in conformity with GAAP, in all material respects, the financial position and changes in financial position for the City of Locust, North Carolina, as of June 30, 2024. The independent auditors' report on the basic financial statements is located in the financial section of this report.

Management's discussion and analysis of the basic financial statements (MD&A) accompanies the independent auditors' report and provides a prescribed narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to complement, and therefore should be read in conjunction with, this letter of transmittal.

## **Profile of the Government**

The City of Locust was established in western Stanly County in the late 1860's by German, Scot Irish, and English immigrants. The community was known as the "Crossroads". Many travelers came through on the way to Cabarrus, Anson, and Mecklenburg counties.

A central well was dug close to the locust tree to serve the citizens of the community as well as travelers and their livestock as they were traveling through. As many as twenty-five families would do their washing there in a single day since it was the only source of water.

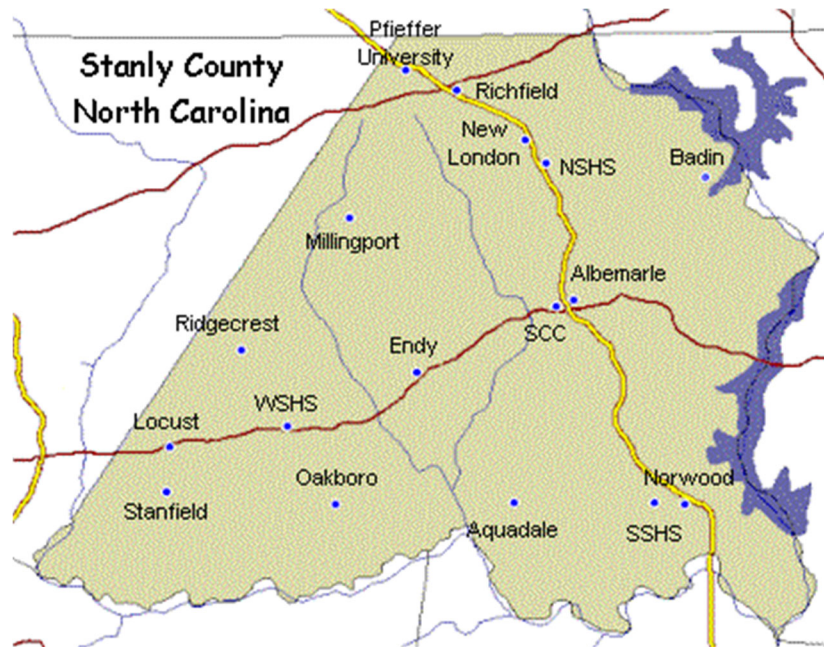
In 1869, population in the "Crossroads" community had increased enough to warrant an application for the establishment of a post office. There was a meeting held to decide on a new name and a young girl in the community, Miss Maggie Howell, was present at the meeting to decide a proper name. Maggie happened to look out at a wooded plot where a large locust tree was in full bloom. Beyond the locust tree, plowed fields laid flat and the reddish clay dirt of the Charlotte Road stretched out level. Miss Howell suggested the name "Locust Level". And it was called Locust Level until May 29, 1894. The Level was dropped, and it was simply called Locust.

Locust still serves as the crossroads to Charlotte, Albemarle, Concord, and Monroe. It is a thriving community and represents opportunity for growth and expansion of businesses.

**Locust is the 2<sup>nd</sup> largest municipality in Stanly County  
and the 298<sup>th</sup> largest municipality in North Carolina**



Stanly County, North Carolina



## **Government**

The City of Locust operates under the Council-Manager form of government with a Mayor and seven-member City Council. Elections for the office of Council are held at two-year intervals in November. Elections are non-partisan and all members are elected for four-year terms. The Mayor is elected for a two-year term at the same time elections for City Council are held. All municipal elections are conducted by the Stanly County Board of Elections in accordance with general laws of North Carolina. No primary elections are held.

The City Council sets City policies, enacts ordinances and appoints the City Manager, Chief of Police, City Clerk, and City Attorney.

The City Manager acts as the Chief Administrative Officer and administers the daily operations and programs of the municipal government through the department heads, other staff members and employees.

## **Quality of Life**

Located in Stanly and Cabarrus Counties, the City of Locust is situated in a prime location for residential and commercial growth. Our close proximity to I-485, Hwy 24/27, Hwy 601 and Hwy 200 allows Locust residents easy and convenient access to the [Charlotte Douglas International](#), [Stanly County](#), and [Concord Regional Airports](#), the [Charlotte Speedway](#), the [Concord Mills Mall](#), and much more within a short drive!

Locust offers a wide range of public services including public safety, parks & recreation, solid waste & recycling, and sewer utility. Our residents also enjoy many amenities such as our athletic complex, town center, Locust library and more. Visit Locust today to discover what makes our community a wonderful place to live, work and play.

## **City Council**

The City Council acts as the legislative body of the City, and they provide guidance and direction to City staff to meet the goals of the City. As such, the City Council adopts the annual operating budget, which by law is always balanced and which includes a tax rate levied against real property, wastewater rates, and other fees; expenditures on municipal projects and programs, including such capital projects as street improvements, buildings and facilities maintenance and construction; and funds for departmental operations, such as police protection, planning, recreation, and wastewater collection. The City Council is the final authority in adopting laws and rules that govern the City of Locust and provides for the safety and welfare of its citizens and visitors.

## **Factors Affecting Financial Condition**

### **Local Economy**

The city has experienced steady economic growth in the last 10 years. There is hereby levied the rate of tax on each one-hundred-dollar valuation of tangible property both real and personal as listed for taxes as of January 1, 2023, for the purpose of raising revenues for current year's property tax as set forth in the foregoing estimates of revenue, in order to finance the foregoing appropriations: \$0.36 cents per hundred-dollar valuation:

According to the last census, population grew nearly 40% since the 2010 census. More residential units were constructed during this period; however, commercial valuation remained high causing the residential/commercial spilt to remain relatively the same.

Office space and retail capacity in Locust consistently remains at above 95% occupancy. The Stanly County unemployment rate for June 2022 was 3.6% according to the US Bureau of Labor and Statistics.

Locust looks to continue as a highly desirable location for residents and businesses.

## **Long-Term Financial Planning and Financial Policy**

### **Strategic Plan**

In 2020, The City of Locust marked a milestone with the adoption of the City's first-ever Strategic Plan. The Strategic plan establishes a vision and key strategic priorities that reflect the City Council's direction for sustainable growth.

### **What is a Strategic Plan?**

A Strategic Plan is a document that guides the City as it grows and responds to the evolving needs of residents. This 3-year plan provides direction for maintaining and improving the quality of life that makes the City of Locust, A City With A Soul.

The Strategic Plan was drafted by the City Manager based on feedback from residents, City Council members and staff. It follows best practices from the UNC School of Government and peer communities to build a plan that reflects the values and needs of our community. Upon discussion and consideration, the City Council adopted the first ever Strategic Plan in 2020.

### **What is the purpose of a Strategic Plan?**

The purpose of the City of Locust Strategic Plan is to uphold the City of Locust's Vision, Mission and Core Values.

## **VISION**

Locust is the preferred community where people fulfill their dreams of home, leisure, and work.

## **MISSION**

Our mission is to plan and prioritize for the citizens' well-being through equitable and quality services, focusing on cost-efficient government.

## **CORE VALUES**

Preserve our community history

Encourage family values

Maintain quality of life

Stewardship of public resources

Detailed information on the Locust Strategic Plan is available at: [www.locustnc.com](http://www.locustnc.com)

In FY 2020, the long-term financial model which has, and will continue to, assist the council members in making sound financial decisions. The model incorporates budget projections for revenues and expenditures, the capital improvement plan (CIP), and fund balance information to allow the city to evaluate major operating and capital expenditures. The council members are able to see the impact of financing on fund balance and required tax rate, as well as peer municipality comparisons and potential bond rating impact.

### **COVID-19 Pandemic**

In March 2020, the COVID-19 pandemic dramatically affected all residents of the City of Locust. The effects of the pandemic on the financial health of the town were not significant, however, the FY2021-2022 budget was developed with a strategy of remaining flexible and responsive to changing economic conditions and impacts. The council members restored revenue based on actual revenue collections in January of 2021. Additionally, the city purchased items to allow staff to continue to provide services safely, including PPE and technology upgrades for remote services and events. In support of the public health of the community, the city also acquired hand sanitizer stations and additional outdoor seating options.

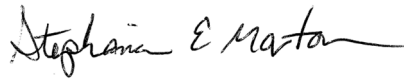
## Acknowledgements

This report would not have been possible without the diligence and dedication of our finance department professionals. We appreciate our Management Team for their dedication to providing “high quality services at a reasonable cost,” as without their work, this report would not be necessary. We thank the Mayor and Locust City Council Members, whose dedication to public service and the City of Locust have resulted in the exceptional financial position we are in, and the financial path upon which we are headed. To the citizens of Locust who have entrusted us with the stewardship of their public funds, we say “Thank You”.

Respectfully submitted,



Cesar R. Correa  
City Manager



Stephania E. Morton  
Finance Director

# City of Locust, North Carolina

## List of Principal Officials

### City Council

#### Mayor

Stephen Huber

#### City Council Members

Larry Baucom (Mayor Pro-Tem)

Rusty Efirm

Harry Fletcher

Michael Haigler

Roger Hypes

Barry Sims

Mandy Watson

#### City Manager

Cesar R. Correa, MPA, ICMA-CM, MCA, CLGFO, CLGBO

#### City Clerk

Amy L. Furr, CMC, NCCMC

#### Finance Director

Stephanie E. Morton, MBA, MCA, CLGFO

#### City Attorney

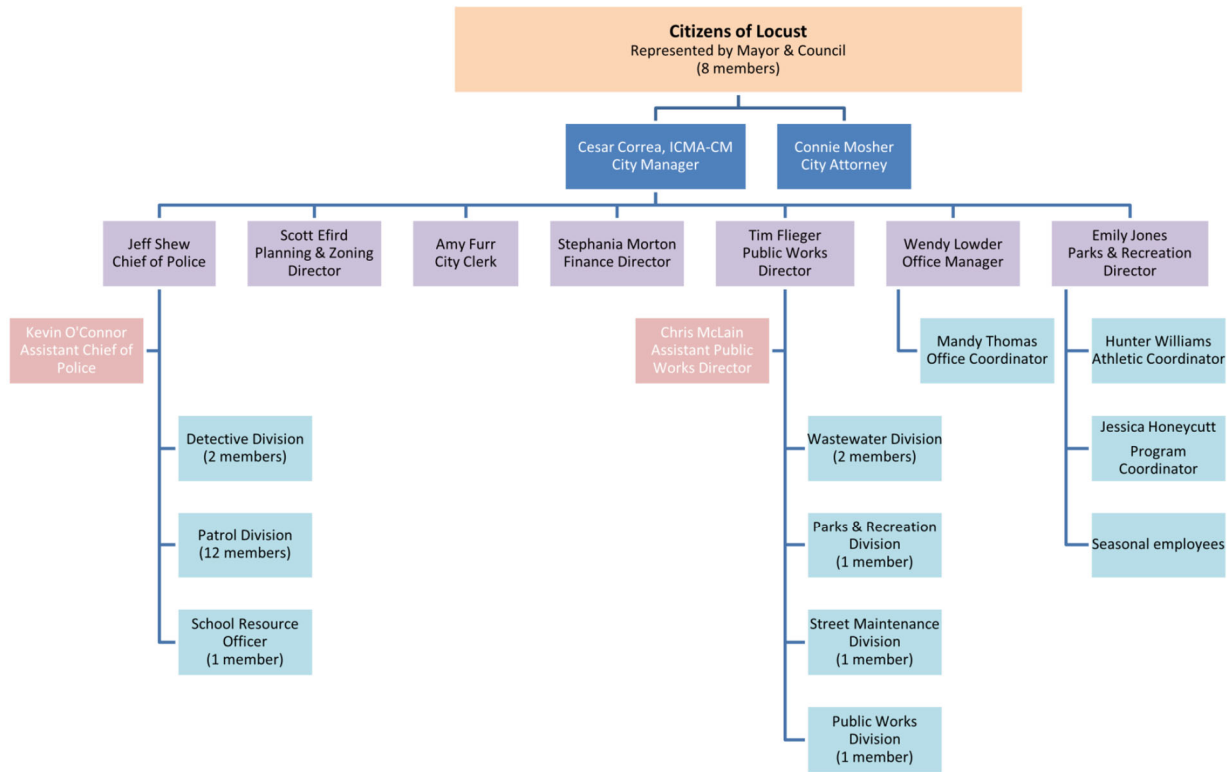
Connie Mosher



# Organizational Chart

## City of Locust, North Carolina

### June 30, 2024





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Locust  
North Carolina**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morill*

Executive Director/CEO



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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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

In our opinion, based upon our audit and the report of 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Locust, North Carolina, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the American Rescue Plan 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 Locust Board of Alcoholic Beverage Control ("ABC Board"), which represent 100 percent of the assets, net position, and revenues, respectively, of the aggregate discretely presented component unit as of June 30, 2024. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the ABC Board, is based solely on the report of another auditor.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Locust, 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 the ABC Board were not audited in accordance with *Government Auditing Standards*.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the City of Locust, 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 City of Locust, 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 City of Locust, 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 City's Local Government Employees' Retirement System and the Law Enforcement Officers' Special Separation Allowance Pension schedules on pages 42 through 45, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and 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 City of Locust, North Carolina's basic financial statements. The individual fund financial statements, 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to 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 individual fund financial statements, the budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, on our consideration of the City of Locust, North Carolina’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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Locust, North Carolina’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 the City of Locust, North Carolina’s internal control over financial reporting and compliance.

Strickland Hardee PLLC

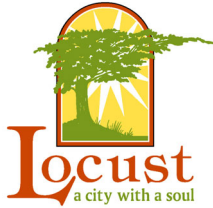
Lexington, North Carolina  
October 25, 2024

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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# City of Locust

Post Office Box 190  
Locust, North Carolina 28097-0190  
(704) 888-5260

## Management's Discussion and Analysis

As management of the City of Locust, we offer readers of the City of Locust's financial statements this narrative overview and analysis of the financial activities of the City of Locust for the fiscal year ended June 30, 2024.

We encourage readers to examine the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

### Financial Highlights

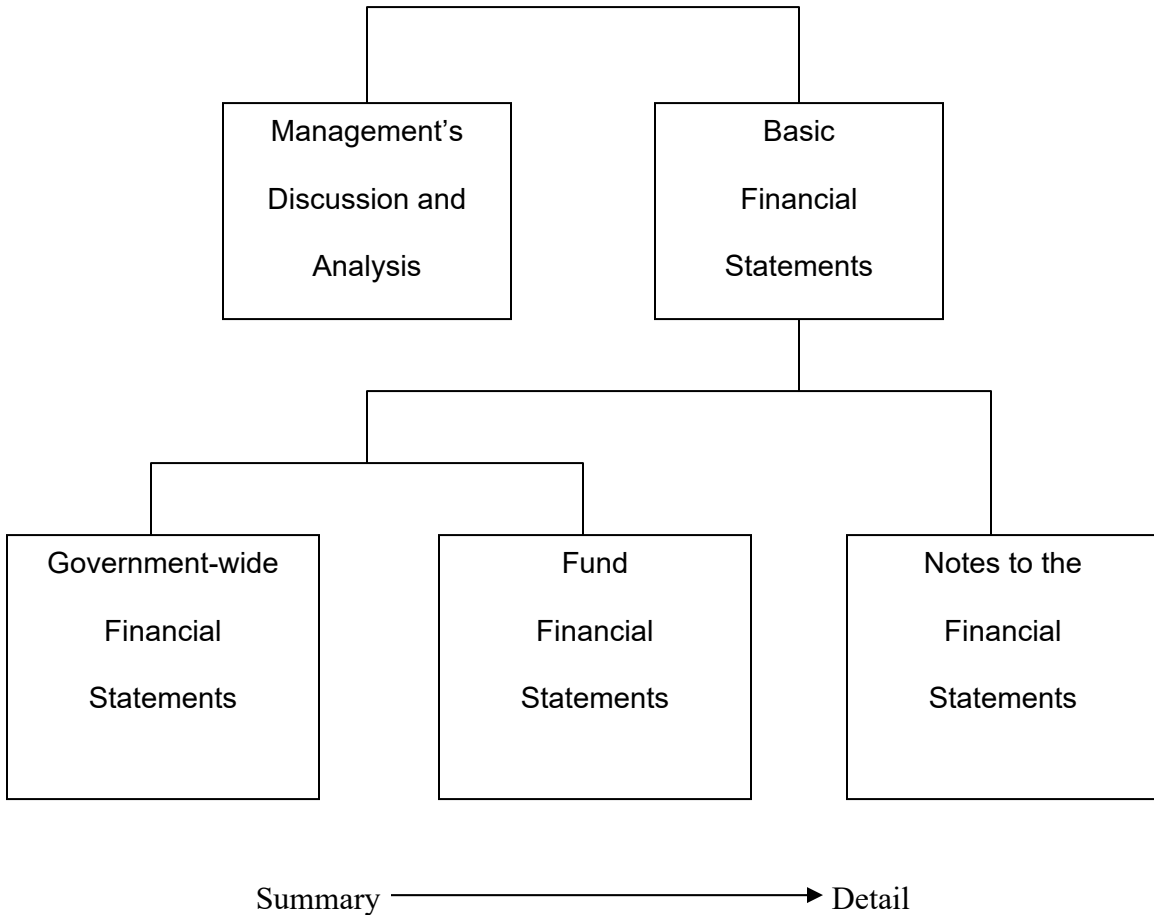
- The assets and deferred outflows of resources of the City of Locust exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$39,085,900 (*net position*).
- The government's total net position increased by \$7,585,756. The increase in net position is a result of an increase in actual revenues compared to budgeted revenues, particularly wastewater revenues, while expenses remained steadfast throughout the year.
- As of the close of the current fiscal year, the City of Locust's General Fund reported ending fund balances of \$7,006,888 an increase of \$1,027,030 in comparison with the prior year. Approximately 7.50% of this total amount or \$525,782 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,481,106, or 112.80% of total General Fund expenditures for the 2023-2024 fiscal year.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual

funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

### **Government-Wide Financial Statements**

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

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

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

The government-wide financial statements are on Exhibits A and B of this report.

### **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Locust, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Locust can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash 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

Management Discussion and Analysis  
City of Locust

spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less

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

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

**Proprietary Fund** – City of Locust has one on-going proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Locust uses its enterprise fund to account for its sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Locust's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 42 of this report.

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

Management Discussion and Analysis  
City of Locust

City's Statement of Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 8,434,355	\$ 6,315,330	\$ 6,418,014	\$ 5,382,653	\$ 14,852,369	\$ 11,697,983
Capital assets (net)	12,787,871	11,694,450	14,178,836	9,544,084	26,966,707	21,238,534
Total assets	21,222,226	18,009,780	20,596,850	14,926,737	41,819,076	32,936,517
Deferred outflow of resources	957,866	963,060	81,009	99,816	1,038,875	1,062,876
Current liabilities	1,384,689	295,138	91,044	81,944	1,475,733	377,082
Long-term obligations	1,923,034	1,779,853	149,397	173,518	2,072,431	1,953,371
Total liabilities	3,307,723	2,074,991	240,441	255,462	3,548,164	2,330,453
Deferred inflow of resources	213,705	163,409	10,182	5,387	223,887	168,796
Net investment in capital assets	12,787,871	11,694,450	14,178,836	9,544,084	26,966,707	21,238,534
Restricted	525,782	408,322	-	-	525,782	408,322
Unrestricted	5,345,011	4,631,668	6,248,400	5,221,620	11,593,411	9,853,288
Total net position	\$ 18,658,664	\$ 16,734,440	\$ 20,427,236	\$ 14,765,704	\$ 39,085,900	\$ 31,500,144

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of Locust exceeded liabilities and deferred inflows by \$39,085,900 as of June 30, 2024. The City's net position increased by \$7,585,756 for the fiscal year ended June 30, 2024. However, the largest portion (68.9%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Locust uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Locust's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. Restricted net position relating to state Powell Bill revenues and stabilization required by state statutes total \$525,782. The remaining balance of \$11,593,411 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.39%.
- Increase in sales tax due to business growth in the city.
- Continued increase in new development and sewer tap fees.

Management Discussion and Analysis  
City of Locust

City's Changes in Net Position  
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 124,646	\$ 79,209	\$ 2,065,084	\$ 2,720,059	\$ 2,189,730	\$ 2,799,268
Operating grants and contributions	485,948	205,970	-	-	485,948	205,970
Capital grants and contributions	511,600	1,200	-	-	511,600	1,200
General revenues:						
Property taxes	2,671,327	2,483,628	-	-	2,671,327	2,483,628
Other taxes	119,779	159,693	-	-	119,779	159,693
Grants and contributions not restricted to specific programs	2,307,245	2,107,913	4,603,577	-	6,910,822	2,107,913
Other	835,643	1,552,835	312,892	75,741	1,148,535	1,628,576
<b>Total revenues</b>	<b>7,056,188</b>	<b>6,590,448</b>	<b>6,981,553</b>	<b>2,795,800</b>	<b>14,037,741</b>	<b>9,386,248</b>
<b>Expenses:</b>						
General government	935,250	893,951	-	-	935,250	893,951
Public safety	1,888,072	2,340,067	-	-	1,888,072	2,340,067
Transportation	911,426	854,661	-	-	911,426	854,661
Environmental protection	816,576	512,840	-	-	816,576	512,840
Cultural and recreational	580,640	515,428	-	-	580,640	515,428
Wastewater	-	-	1,320,021	854,934	1,320,021	854,934
<b>Total expenses</b>	<b>5,131,964</b>	<b>5,116,947</b>	<b>1,320,021</b>	<b>854,934</b>	<b>6,451,985</b>	<b>5,971,881</b>
Increase/(decrease) in net position	1,924,224	1,473,501	5,661,532	1,940,866	7,585,756	3,414,367
Net position, beginning	16,734,440	15,260,939	14,765,704	12,824,838	31,500,144	28,085,777
Net position, ending	\$ 18,658,664	\$ 16,734,440	\$ 20,427,236	\$ 14,765,704	\$ 39,085,900	\$ 31,500,144

**Governmental activities** - Governmental activities increased the City's net position by \$1,924,224. A key element of this increase is as follows:

- The City received more tax revenues than budgeted and controlled expenses within budgeted levels.

**Business-type activities:** Business-type activities increased the City of Locust's net position by \$5,661,532.

- The City received appropriation from the State of North Carolina for the completion of the North Basin Sewer Improvements.

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

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

**Governmental Funds** - The focus of the City of Locust's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Locust's financing requirements.

The general fund is the chief operating fund of the City of Locust. At the end of the current fiscal year, City of Locust's fund balance available in the General Fund was \$6,481,106 while total fund balance reached \$7,006,888. The City follows the Local Government Commission's recommendation in order to maintain an adequate cash flow in the General Fund. The Fund Balance available for appropriation should not drop below 8.0% of total expenditures. This represents approximately one month's average expenditures. The City currently has an available fund balance of 112.80%, while total fund balance represents 121.95% of that same amount.

At June 30, 2024, the governmental funds of the City of Locust reported a combined fund balance of \$7,006,888 with a net increase in fund balance of \$1,027,030.

**General Fund Budgetary Highlights:** During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grant; and 3) increases in appropriations that become necessary to maintain services. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. Revenues were higher than budgeted amounts primarily due to the fact that the City historically budgets conservatively. Expenditures were held in check to comply with its budgetary requirements.

**Proprietary Funds** – The City of Locust's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Wastewater Fund at the end of the fiscal year amounted to \$6,248,400. Other factors concerning the finances of the fund have already been addressed in the discussion of the City of Locust's business-type activities.

### Capital Asset and Debt Administration

**Capital assets** - The City of Locust’s investment in capital assets for its governmental and business-type activities as of June 30, 2024 totals \$21,238,534 (net of accumulated depreciation). These assets include buildings, streets, roads and bridges, land, machinery and equipment, park facilities, and vehicles. Additional information on the City’s capital assets can be found in Note II.A.4 of the basic financial statements.

**City's Capital Assets (net of depreciation)**  
**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 1,893,600	\$ 693,782	\$ -	\$ -	\$ 1,893,600	\$ 693,782
Construction in process	62,273	-	4,969,198	-	5,031,471	-
Buildings and systems	2,158,202	2,325,038	9,209,638	9,544,084	11,367,840	11,869,122
Machinery and equipment	340,574	231,680	-	-	340,574	231,680
Infrastructure	7,948,514	8,178,995	-	-	7,948,514	8,178,995
Vehicles and motorized equipment	384,708	264,955	-	-	384,708	264,955
<b>Total capital assets, net of depreciation</b>	<b>\$ 12,787,871</b>	<b>\$ 11,694,450</b>	<b>\$ 14,178,836</b>	<b>\$ 9,544,084</b>	<b>\$ 21,935,236</b>	<b>\$ 21,238,534</b>

Major capital asset transactions during the year included the following:

- City purchased multiple vehicles
- City purchased equipment
- City purchased land for a park expansion
- City began multiple construction projects, including the new Senior Center.

**Long-term Debt.** As of June 30, 2024, the City of Locust was debt-free.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for City of Locust is \$59,375,473.



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

The following key economic indicators reflect the growth and prosperity of the City of Locust:

- The City's unemployment rate remained stable from the prior year.
- Occupancy rates on office and retail space remained steady through the year.
- Commercial growth is increasing as evidenced by the increased sales taxes collected.
- Increase in the number of commercial and retail establishments during the year.

### **Budget Highlights for the Fiscal Year Ended June 30, 2025**

**Governmental Activities:** Property taxes and revenues from permits and fees are expected to remain steady as compared to the current year. Budgeted expenditures in the General Fund are expected to remain steady for budget year 2024-2025.

**Business-type Activities:** The Enterprise Fund's general operations are expected to remain steady compared to the current year. General operating expenses will remain steady for budget year 2024-2025.

### **Requests for Information**

This report is designed to provide an overview of the City of Locust's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the office of Cesar Correa, City Administrator, P.O. Box 190, Locust, N.C. 28097 or e-mail to [ccorrea@locustnc.gov](mailto:ccorrea@locustnc.gov).

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**BASIC FINANCIAL STATEMENTS**  
**(Government-wide)**

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**CITY OF LOCUST NORTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2024**

**Exhibit A**

	Primary Government			City of Locust ABC Board
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 7,865,795	\$ 1,121,364	\$ 8,987,159	\$ 388,956
Restricted cash and cash equivalents	651,946	136,153	788,099	-
Accounts receivable	3,937	166,804	170,741	-
Taxes receivable	42,778	-	42,778	-
Due from other governments	519,513	4,344,079	4,863,592	-
Prepaid items	-	-	-	17,123
Internal balances	(649,614)	649,614	-	-
Inventories	-	-	-	418,334
Total current assets	8,434,355	6,418,014	14,852,369	824,413
Non-current assets:				
Capital assets:				
Non-depreciable	1,955,873	4,969,198	6,925,071	-
Depreciable, net	10,831,998	9,209,638	20,041,636	14,041
Right of use leased asset	-	-	-	82,011
Total capital assets	12,787,871	14,178,836	26,966,707	96,052
Total assets	21,222,226	20,596,850	41,819,076	920,465
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	957,866	81,009	1,038,875	160,037
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	1,384,689	-	1,384,689	309,441
Customer deposits	-	91,044	91,044	-
Total current liabilities	1,384,689	91,044	1,475,733	309,441
Long-term liabilities:				
Due within one year	43,369	6,995	50,364	-
Due in more than one year	43,887	6,995	50,882	-
Lease liability	-	-	-	88,576
Net pension liability	1,414,594	135,407	1,550,001	201,011
Separation allowance	421,184	-	421,184	-
Total long-term liabilities	1,923,034	149,397	2,072,431	289,587
Total liabilities	3,307,723	240,441	3,548,164	599,028
<b>DEFERRED INFLOWS OF RESOURCES</b>	213,705	10,182	223,887	66,489
<b>NET POSITION</b>				
Net investment in capital assets	12,787,871	14,178,836	26,966,707	14,041
Restricted for:				
Stabilization by State Statute	523,450	-	523,450	-
Transportation	2,332	-	2,332	-
Working capital	-	-	-	127,283
Unrestricted	5,345,011	6,248,400	11,593,411	273,661
Total net position	\$ 18,658,664	\$ 20,427,236	\$ 39,085,900	\$ 414,985

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

**CITY OF LOCUST, NORTH CAROLINA**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

Exhibit B

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Change in Net Position</b>			<b>City of Locust ABC Board</b>
		<b>Charges for Services</b>	<b>Operating</b>	<b>Capital</b>	<b>Primary Government</b>			
					<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Primary government:</b>								
Governmental activities:								
General government	\$ 935,250	\$ -	\$ -	\$ -	\$ (935,250)	\$ -	\$ (935,250)	\$ -
Public safety	1,888,072	-	36,666	-	(1,851,406)	-	(1,851,406)	-
Transportation	911,426	-	168,351	-	(743,075)	-	(743,075)	-
Environmental protection	816,576	-	280,931	-	(535,645)	-	(535,645)	-
Cultural and recreational	580,640	124,646	-	511,600	55,606	-	55,606	-
Total government activities	5,131,964	124,646	485,948	511,600	(4,009,770)	-	(4,009,770)	-
Business-type activities:								
Water and Sewer	1,320,021	2,065,084	-	-	-	745,063	745,063	-
Total business-type activities	1,320,021	2,065,084	-	-	-	745,063	745,063	-
<b>Total primary government</b>	<b>6,451,985</b>	<b>2,189,730</b>	<b>485,948</b>	<b>511,600</b>	<b>(4,009,770)</b>	<b>745,063</b>	<b>(3,264,707)</b>	<b>-</b>
<b>Component unit:</b>								
City of Locust ABC Board	3,309,339	3,309,339	-	-	-	-	-	-
Total component unit	<b>\$ 3,309,339</b>	<b>\$ 3,309,339</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>General revenues:</b>								
Taxes:								
Property taxes					2,671,327	-	2,671,327	-
Other taxes and licenses					119,779	-	119,779	-
Grants and contributions not restricted to specific programs					2,307,245	4,603,577	6,910,822	-
Unrestricted Investment earnings					497,138	112,892	610,030	-
Miscellaneous					338,505	200,000	538,505	-
Total general revenues					5,933,994	4,916,469	10,850,463	-
<b>Change in net position</b>					1,924,224	5,661,532	7,585,756	-
Net position, beginning					16,734,440	14,765,704	31,500,144	414,985
Net position, ending					<b>\$ 18,658,664</b>	<b>\$ 20,427,236</b>	<b>\$ 39,085,900</b>	<b>\$ 414,985</b>

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

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**FUND FINANCIAL STATEMENTS**

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**CITY OF LOCUST, NORTH CAROLINA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2024**

Exhibit C

	<b>Major Funds</b>		<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>American Rescue Plan Fund</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,865,795	\$ -	\$ 7,865,795
Cash and cash equivalents, restricted	651,946	-	651,946
Accounts receivable	3,937	-	3,937
Taxes receivable	42,778	-	42,778
Due from other governments	519,513	-	519,513
Total assets	9,083,969	-	9,083,969
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable	1,384,689	-	1,384,689
Due to other funds	649,614	-	649,614
Total liabilities	2,034,303	-	2,034,303
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	42,778	-	42,778
Total deferred inflows of resources	42,778	-	42,778
<b>FUND BALANCES</b>			
Restricted for:			
Streets - Powell Bill	2,332	-	2,332
Stabilization by State statute	523,450	-	523,450
Unassigned	6,481,106	-	6,481,106
Total fund balances	7,006,888	-	7,006,888
Total liabilities, deferred inflows of resources and fund balances	\$ 9,083,969	\$ -	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Gross capital assets at historical cost		21,193,372	
Accumulated depreciation		(8,405,501)	12,787,871
Deferred outflows of resources related to pensions are not reported in the funds			
			957,866
Earned revenues considered deferred inflows of resources in fund statements			
			42,778
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds			
Net pension liability			(1,414,594)
Separation allowance			(421,184)
Deferred inflows of resources related to pensions are not reported in the funds			
			(213,705)
Compensated absences are not reported in the funds			
			(87,256)
Net position of governmental activities			
			\$ 18,658,664

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

**CITY OF LOCUST, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2024**

Exhibit D

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>American Rescue Plan Fund</u>	
<b>REVENUES:</b>			
Ad valorem taxes	\$ 2,668,883	\$ -	\$ 2,668,883
Other taxes and licenses	119,779	-	119,779
Unrestricted intergovernmental	2,307,245	-	2,307,245
Restricted intergovernmental	721,714	280,931	1,002,645
Sales and services	136,152	-	136,152
Investment earnings	497,138	-	497,138
Miscellaneous	321,902	-	321,902
Total revenues	<u>6,772,813</u>	<u>280,931</u>	<u>7,053,744</u>
<b>EXPENDITURES:</b>			
Current:			
General government	897,151	-	897,151
Public safety	1,757,271	-	1,757,271
Culture and recreation	1,777,307	-	1,777,307
Transportation	778,409	-	778,409
Environmental protection	535,645	280,931	816,576
Total expenditures	<u>5,745,783</u>	<u>280,931</u>	<u>6,026,714</u>
Revenues over (under) Expenditures	<u>1,027,030</u>	<u>-</u>	<u>1,027,030</u>
Net change in fund balance	1,027,030	-	1,027,030
Fund balances, beginning	<u>5,979,858</u>	<u>-</u>	<u>5,979,858</u>
Fund balances, ending	<u>\$ 7,006,888</u>	<u>\$ -</u>	<u>\$ 7,006,888</u>

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

**CITY OF LOCUST, NORTH CAROLINA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2024**

Exhibit E

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

Net changes in fund balances - total governmental funds	\$	1,027,030
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized		1,782,525
Depreciation expense for governmental assets		<u>(689,104)</u>
		1,093,421
<p>Changes in the City's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to the LGERS for the current year are not reported in the governmental funds but are reported in the Statement of Activities.</p>		
		(167,106)
<p>Changes in the City's proportionate share of the separation allowance, deferred outflows of resources, and deferred inflows of resources related to the LEOSSA for the current year are not reported in the governmental funds but are reported in the Statement of Activities.</p>		
		(32,083)
<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		2,444
<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>		
Compensated absences		<u>518</u>
Total changes in net position of Governmental Activities	\$	<u><u>1,924,224</u></u>

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



**CITY OF LOCUST, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Major Governmental Funds**  
**For the Year Ended June 30, 2024**

	<b>General Fund</b>			
	Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Ad valorem taxes	\$ 2,002,000	\$ 2,638,494	\$ 2,668,883	\$ 30,389
Other taxes and licenses	67,500	115,735	119,779	4,044
Unrestricted intergovernmental	1,554,000	2,009,278	2,307,245	297,967
Restricted intergovernmental	186,100	698,366	721,714	23,348
Sales and services	76,000	136,191	136,152	(39)
Investment earnings	70,000	497,137	497,138	1
Miscellaneous	311,950	341,540	321,902	(19,638)
Total revenues	<u>4,267,550</u>	<u>6,436,741</u>	<u>6,772,813</u>	<u>336,072</u>
<b>EXPENDITURES</b>				
Current:				
General government	765,000	1,369,359	897,151	472,208
Public safety	1,740,500	1,800,978	1,757,271	43,707
Culture and recreation	553,000	1,801,172	1,777,307	23,865
Transportation	708,050	928,586	778,409	150,177
Environmental protection	500,000	535,646	535,645	1
Economic development	1,000	1,000	-	1,000
Total expenditures	<u>4,267,550</u>	<u>6,436,741</u>	<u>5,745,783</u>	<u>690,958</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>1,027,030</u>	<u>1,027,030</u>
Fund balance appropriated	<u>-</u>	<u>-</u>		<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,027,030</u>	<u>\$ 1,027,030</u>
Fund balance, beginning			<u>5,979,858</u>	
Fund balance, ending			<u>\$ 7,006,888</u>	

<u>American Rescue Plan Fund</u>			
Budget		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
280,931	280,931	280,931	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>280,931</u>	<u>280,931</u>	<u>280,931</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
280,931	280,931	280,931	-
-	-	-	-
<u>280,931</u>	<u>280,931</u>	<u>280,931</u>	<u>-</u>
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
		<u>-</u>	
		<u>\$ -</u>	

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

**CITY OF LOCUST, NORTH CAROLINA**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2024**

Exhibit G

	<u>Major Enterprise Fund Wastewater Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 1,121,364
Accounts receivable (net)	166,804
Due from other funds	649,614
Due from other governments	4,344,079
Restricted cash and cash equivalents	136,153
Total current assets	<u>6,418,014</u>
Noncurrent Assets:	
Capital Assets:	
Land and other non-depreciable assets	4,969,198
Other capital assets, net of depreciation	9,209,638
Total capital assets	<u>14,178,836</u>
Total assets	<u><u>20,596,850</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	<u>81,009</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Compensated absences - current	6,995
Customer deposits	91,044
Total current liabilities	<u>98,039</u>
Noncurrent Liabilities:	
Compensated absences	6,995
Net pension liability	135,407
Total noncurrent liabilities	<u>142,402</u>
Total liabilities	<u>240,441</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	<u>10,182</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	14,178,836
Unrestricted	6,248,400
Total net position	<u><u>\$ 20,427,236</u></u>

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

**CITY OF LOCUST, NORTH CAROLINA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2024**

Exhibit H

	<b>Major Enterprise Fund</b>
	<b>Wastewater Fund</b>
<b>OPERATING REVENUES:</b>	
Charges for services	\$ 1,675,638
Sewer taps	12,500
System development fees	244,050
Availability fees	125,067
State of North Carolina DEQ funds	4,603,577
Other operating revenues	7,829
Total operating revenues	6,668,661
<b>OPERATING EXPENSES:</b>	
Administration	327,651
Wastewater collection and treatment	657,924
Depreciation	334,446
Total operating expenses	1,320,021
Operating income	5,348,640
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Investment income	112,892
Insurance proceeds	200,000
Total nonoperating revenues (expenses)	312,892
Change in net position	5,661,532
<b>NET POSITION</b>	
Total net position, beginning	14,765,704
Total net position, ending	\$ 20,427,236

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

**CITY OF LOCUST, NORTH CAROLINA**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2024**

Exhibit I

	<b>Major Enterprise Fund</b>
	<b>Wastewater Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 2,055,352
Cash paid for goods and services	(740,421)
Cash paid to or on behalf of employees for services	(245,673)
Other operating revenues	267,327
Customer deposits	9,100
Net cash provided from operating activities	1,345,685
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Net due to (from) other fund	2,448,951
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(4,969,198)
Insurance proceeds	200,000
Net cash used by capital and related financing activities	(4,769,198)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	112,892
Net increase in cash and cash equivalents	(861,670)
Balances, beginning	2,119,187
Balances, ending	1,257,517
Reconciliation of operating income to net cash provided from operating activities	
Operating Income	5,348,640
Adjustment to reconcile operating income to net cash provided from operating activities:	
Depreciation	334,446
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(1,903)
(Increase) decrease in due from other governments	(4,344,079)
(Increase) decrease in deferred outflows of resources	18,807
Increase (decrease) in customer deposits	9,100
Increase (decrease) in compensated absences	(2,716)
Increase (decrease) in net pension liability	(21,405)
Increase (decrease) in deferred inflows of resources	4,795
Total Adjustments	(4,002,955)
Net cash provided from operating activities	\$ 1,345,685

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Locust and its discretely presented component unit conform to generally accepted accounting principles applicable to governments. The following is a summary of the more significant accounting policies.

**A) The Reporting Entity**

The City of Locust, North Carolina is a municipal corporation that is governed by an elected mayor and a seven-member council. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the City of Locust and its component unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

**1) Component Unit – City of locust Alcoholic Beverage Control Board (“ABC Board”)**

The members of the ABC Board's governing board are appointed by the City. In addition, the ABC Board is required by state statute to distribute its surpluses to the General Fund of the City. 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 offices at City of Locust ABC Board, 1008 West Main Street, Locust, NC 28097

**B) Measurement Focus, Basis of Accounting, and Basis of Presentation**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City (the “Primary Government”). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial statements.

*Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**Government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Proprietary Fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, includes property taxes, grants and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B) Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

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

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Governmental fund financial statements** are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable (susceptible to accrual) and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are generally collected within 90 days after year-end.

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 City are recognized as revenue. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. Capital asset acquisitions are reported as capital outlay expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major governmental funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The following fund types and major funds are used by the City.



**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B) Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

**Governmental Fund Types** are those through which most governmental functions of the City are financed. The City's expendable financial resources and related assets and liabilities are accounted for through governmental funds. Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. The City's governmental fund types and major and non-major funds are as follows:

The **General Fund, a major fund**, and a budgeted fund, is the general operating fund of the City and accounts for all revenues and expenditures of the City except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

The **American Rescue Plan Fund, a major fund**, accounts for the transactions related to the American Rescue Plan Funds.

The City reports the following major enterprise fund:

**Wastewater Fund.** This fund is used to account for the City's wastewater operations.

Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, American Rescue Plan Fund, and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. 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.

**C) Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity**

**1) Cash and Cash Equivalents**

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

**2) Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the City 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 non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The City's and the ABC Board's investments are reported at fair value.

**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C) Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**2) Deposits and Investments (Continued)**

The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which approximates fair value, and is the NCCMT's share price. Because the NCCMT Government Portfolio has a weighted average of maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

**3) Restricted Assets**

Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected.

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets.

City of Locust Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ 2,332
Due to Wastewater Fund	649,614
American Rescue Plan Fund	-
Business-Type Activities	
Wastewater Fund	
Delinquent accounts offset by the State	45,109
Customer Deposits	91,044
<b>Total Restricted Cash</b>	<b>\$ 788,099</b>

**Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2023. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

**4) Inventories and Prepaid Items**

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

The inventory of the ABC Board consists of materials and supplies held for subsequent use. The cost of this inventory is expensed when consumed rather than when purchased.

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

**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C) Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**5) 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 costs are as follows: land, buildings, and improvements, \$20,000; infrastructure, \$100,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at acquisition value. The City has elected not to report major general infrastructure assets, such as road network, retroactively as permitted for Phase Three governments. Thus, any amounts expended for infrastructure prior to July 1, 2003, are not reported as capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset's lives are not capitalized.

The City's capital assets are depreciated on the straight-line method using the following estimated useful lives:

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

The ABC Board's capital assets are depreciated on the straight-line method using the following estimated useful lives:

Asset Class	Estimated Useful Lives
Equipment	10
Leasehold Improvements	10
Furniture and fixtures	5-10
Office equipment	3-7

**6) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, contributions to the pension plan in the current fiscal year and pension deferrals for the 2024 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has two items that meet the criterion for the category – property taxes receivable and pension deferrals.

**7) Long-Term Obligations**

Long-term debt for wastewater purposes is carried in the Enterprise Fund rather than the Long-term debt account group. For the year ended June 30, 2024, the City had no long-term debt incurred or paid during the year.

**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C) Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**8) Compensated Absences**

The vacation policy of the City provides for the accumulation of leave without any maximum until December 31 of each year. Effective with the last payroll in the calendar year, any employee with more than 5 days of accumulated leave shall have the excess accumulation converted to sick leave so that only 5 days are carried forward to January 1 of the next calendar year. For the City's government-wide funds and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensation time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

**9) Net Position**

Net position in government-wide 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.

**10) Fund Balance**

In accordance with GAAP, the City classifies its governmental fund balances as follows:

**Nonspendable** – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e., prepaids, inventories, etc.) or because of legal or contractual requirements (i.e., principal on an endowment, etc.).

**Restricted** – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance for the City consists of:

**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 and sidewalk construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**I) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C) Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)**

**10) Fund Balance (Continued)**

**Restricted for Working Capital** – North Carolina Alcoholic Beverage Control Commission Rule [.0902] defines working capital as the total of cash, investments, and inventory less all unsecured liabilities. An ABC Board shall set its working capital requirements at not less than two weeks' average gross sales of the last fiscal year or greater than four months average gross sales of the last fiscal year. Average gross sales mean gross receipts from the sale of alcoholic beverages less distributions required by State law [G.S. 18B-805(b), (2), (3), (4)].

**Assigned** – includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed and that such assignments are made before the report issuance date. City Board reserves the right to assign fund balance.

**Unassigned** – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

The City of Locust, for purposes of fund balance, determines 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 City of Locust follows the Local Government Commission's recommendation in order to maintain an adequate cash flow in the General Fund. The Fund Balance for appropriation should not drop below 8% of total expenditures. This represents approximately one month's average expenditures.

**11) Pensions**

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 Government Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Locust's employer contributions are recognized when due and the City of Locust has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

**II) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES**

**A) Assets**

**1) Deposits and Investments**

All the deposits of the City 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 City's agents in this 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 City, these deposits are considered to be held by the City's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the ABC Board or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization. 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.

**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**II) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES**

**A) Assets**

**1) Deposits and Investments**

The City has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial risk for deposits.

At June 30, 2024, the City's deposits had a carrying amount of \$2,320,128 and a bank balance of \$3,489,820. Of the bank balance, \$1,981,329 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of the deposits of the ABC Board was \$388,956 and a bank balance of \$477,439. At various times during the year and at year end, the ABC Board's bank balance exceeded FDIC limits. If and when the ABC Board's deposits exceed the FDIC limits, the remaining balance is covered using the pooling method. At June 30, 2024, the City's petty cash totaled \$200.

At June 30, 2024, the City had \$7,454,930 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's (S&P). The City has no policy regarding credit risk.

**2) Intergovernmental and Other Receivables**

The City has other significant intergovernmental and other receivables related to (a) sales and utility franchise taxes, (b) federal, state, and local grants, and (c) shared and refundable taxes (i.e., sales and use tax, alcoholic beverage, utilities tax, etc.) for revenues primarily collected by the State and remitted to the City.

**3) Unavailable, Deferred, and Unearned Revenues**

Governmental funds report as a component of deferred inflows of resources (a) revenues that are not considered to be available to liquidate liabilities (unavailable revenue). Governmental funds also defer revenue recognition and report liabilities in connection with resources that have been received but not yet earned (unearned revenue). As of June 30, 2024, the City had the following unavailable, deferred, and unearned revenues in its governmental funds:

Description	Fund(s)	Deferred Inflows of Resources		Liabilities	Total
		Unavailable	Deferred	Unearned	
Unavailable Revenues - Property Taxes	General	\$ 42,778	\$ -	\$ -	\$ 42,778
Total		<u>\$ 42,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,778</u>

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**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**II) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**A) Assets (Continued)**

**4) Capital Assets**

Capital asset activity for the City's governmental activities for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, non-depreciable:				
Land	\$ 693,782	\$ 1,199,818	\$ -	\$ 1,893,600
Construction in progress	-	62,273	-	62,273
Total capital assets, non-depreciable	693,782	1,262,091	-	1,955,873
Capital assets, depreciable:				
Buildings	2,546,843	-	-	2,546,843
Other improvements	1,929,121	-	-	1,929,121
Furniture and equipment	890,310	168,788	-	1,059,098
Computer equipment	202,920	-	-	202,920
Vehicles and motorized equipment	1,076,751	222,609	72,416	1,226,944
Infrastructure	12,143,536	129,037	-	12,272,573
Total capital assets, depreciable	18,789,481	520,434	72,416	19,237,499
Less accumulated depreciation for:				
Buildings	994,284	87,958	-	1,082,242
Other improvements	1,156,642	78,878	-	1,235,520
Furniture and equipment	658,630	59,894	-	718,524
Computer equipment	202,920	-	-	202,920
Vehicles and motorized equipment	811,796	102,856	72,416	842,236
Infrastructure	3,964,541	359,518	-	4,324,059
Total accumulated depreciation	7,788,813	689,104	72,416	8,405,501
Total capital assets being depreciated, net	11,000,668			10,831,998
Governmental activities capital assets, net	\$ 11,694,450			\$ 12,787,871

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

Functions/Programs	Depreciation Expense
General government	\$ 131,201
Public safety	105,427
Culture and recreation	87,927
Transportation	364,549
	\$ 689,104

**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**II) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**A) Assets (Continued)**

**4) Capital Assets (Continued)**

Capital asset activity for the City's business-type activities for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Wastewater Fund				
Capital assets, non-depreciable:				
Construction in progress	-	4,969,198	-	4,969,198
Total capital assets, non-depreciable	-	4,969,198	-	4,969,198
Capital assets, depreciable:				
Furniture and maintenance equipment	\$ 454,236	\$ -	\$ -	\$ 454,236
Plant and distribution systems	14,895,210	-	-	14,895,210
Total capital assets, depreciable	15,349,446	-	-	15,349,446
Less accumulated depreciation for:				
Furniture and maintenance equipment	215,067	39,812	-	254,879
Plant and distribution systems	5,590,295	294,634	-	5,884,929
Total accumulated depreciation	5,805,362	334,446	-	6,139,808
Total capital assets being depreciated, net	9,544,084			9,209,638
Business-type activities capital assets, net	\$ 9,544,084			\$ 14,178,836

Capital asset activity for the ABC Board for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>ABC Board (Component Unit)</b>				
Capital assets, depreciable:				
Alarm and video security system	\$ 15,695	\$ -	\$ -	\$ 15,695
Dock equipment	200	-	-	200
Furniture and fixtures	6,544	-	-	6,544
Office equipment	74,174	1,762	-	75,936
Total capital assets, depreciable	96,613	1,762	-	98,375
Less accumulated depreciation for:				
Alarm and video security system	17,107	461	-	17,568
Dock equipment	200	-	-	200
Furniture and fixtures	6,544	-	-	6,544
Office equipment	48,474	11,548	-	60,022
Total accumulated depreciation	72,325	12,009	-	84,334
ABC Board capital assets, net	\$ 24,288			\$ 14,041



**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**II) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**A) Assets (Continued)**

**5) Construction Commitments**

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

Project	Spent-to-date	Remaining Commitment
North basin sewer improvements	\$ 4,782,530	\$ 4,005,529
Senior center	62,273	443,127
Meadow Creek pump station	186,668	13,332
Total	\$ 5,031,471	\$ 4,461,988

**B) Liabilities**

**1) Retirement/Pension Plans**

**a) Local Governmental Employees’ Retirement System**

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

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**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**II) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**B) Liabilities (Continued)**

**1) Retirement/Pension Plans (Continued)**

**a) Local Governmental Employees' Retirement System (Continued)**

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2024, was 14.04% of compensation for law enforcement officers and 12.85% of compensation 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 City and by employees were \$253,916 for the year ended June 30, 2024.

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

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

At June 30, 2024, the City reported a liability of \$1,550,001 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At the June 30, 2023, measurement date, the City's proportion was 0.02340%, which was a decrease of 0.00225% from its proportion of 0.02565% measured as of June 30, 2022.

**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**II) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**B) Liabilities (Continued)**

**1) Retirement/Pension Plans (Continued)**

**a) Local Governmental Employees' Retirement System (Continued)**

For the year ended June 30, 2024, the City recognized pension expense of \$421,344. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 172,716	\$ 3,718
Changes in Assumptions	65,866	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	414,848	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	19,201	112,830
Employer Contributions Subsequent to the Measurement Date	253,916	-
	\$ 926,547	\$ 116,548

\$253,916 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions will increase (decrease) pension expense as follows:

<b>For Year Ended June 30:</b>	
2025	\$ 213,379
2026	76,162
2027	249,000
2028	17,542
Total	\$ 556,083

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

Inflation	2.50 percent
Salary Increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment Rate of Return	6.50 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, 2022, 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.

**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**II) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**B) Liabilities (Continued)**

**1) Retirement/Pension Plans (Continued)**

**a) Local Governmental Employees' Retirement System (Continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	35.8%	1.4%
Fixed Income	23.9%	5.3%
Cash and Receivables	14.3%	4.3%
Other*	26.0%	8.9%
	100.0%	

\* Real Estate, Alternatives, Inflation, and Credit

The information above is based on 30-year expectations developed with the consulting actuary for the 2021 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 3.00%. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
City's Proportionate Share of the Net Pension Liability (Asset) \$	2,685,316	\$ 1,550,001	\$ 615,303

**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**II) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**B) Liabilities (Continued)**

**1) Retirement/Pension Plans (Continued)**

**a) Local Governmental Employees' Retirement System (Continued)**

*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 (ACFR) for the State of North Carolina.

**b) Law Enforcement Officers Special Separation Allowance**

*Plan Description.* The City administers the Law Enforcement Officers Special Separation Allowance ("Separation Allowance" or "LEOSSA"), a single employer defined benefit pension plan, that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 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 City law enforcement officers are covered by the Separation Allowance. The City had fourteen active plan members and one retiree receiving benefits as of December 31, 2023.

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

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

*Actuarial Assumptions.* The entry age actuarial cost method was used in the December 31, 2022, valuation. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount Rate	4.00 percent
Cost of Living Adjustments	N/A

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2022.

Mortality rates are based on the Pub-2010 amount-weighted tables. RP-2000 Mortality tables with adjustments for mortality improvements based on Scale MP-2019.

**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**II) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**B) Liabilities (Continued)**

**1) Retirement/Pension Plans (Continued)**

**b) Law Enforcement Officers Special Separation Allowance (Continued)**

*Contributions.* The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$18,594 as benefits came due for the reporting period.

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

At June 30, 2024, the City reported a total pension liability of \$421,184. The total pension liability was measured as of December 31, 2023, based on a December 31, 2022, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the City recognized pension expense of \$51,050.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 37,208	\$ 30,086
Changes in Assumptions	65,823	77,253
Benefit Payments and Plan Administrative Expense Made Subsequent to the Measurement Date	9,297	-
	\$ 112,328	\$ 107,339

\$9,297 was paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions will be recognized in pension expense as follows:

<b>For Year Ended June 30:</b>	
2025	\$ 9,870
2026	9,657
2027	5,306
2028	(17,244)
2029	(11,369)
Thereafter	(528)
Total	\$ (4,308)

**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**II) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**B) Liabilities (Continued)**

**1) Retirement/Pension Plans (Continued)**

**b) Law Enforcement Officers Special Separation Allowance (Continued)**

*Sensitivity of the City's total pension liability to changes in the discount rate.* The following presents the City's total pension liability calculated using the discount rate of 4.31 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage- point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total Pension Liability	\$ 463,342	\$ 421,184	\$ 383,350

**Schedule of Changes in Total Pension Liability**

Total Pension Liability as of December 31, 2022	\$ 401,865
Changes for the Year:	
Service Cost at End of Year	22,482
Interest on the Total Pension Liability	16,920
Differences Between Expected and Actual Experience	(12,725)
Changes of Assumptions and Other Inputs	11,236
Benefit Payments	(18,594)
Net Changes	19,319
Total Pension Liability as of December 31, 2023	\$ 421,184

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

The actuarial assumptions used in the December 31, 2022, valuations were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

**c) Supplemental Retirement Income Plan**

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary and all amounts are vested immediately. Also, the law enforcement officers, and other full-time City employees may make voluntary contributions to the plan. They City will match full-time City employees' contributions up to five percent collectively. The City made contributions of \$80,771 for the year ended June 30, 2024.

**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**II) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**B) Liabilities (Continued)**

**1) Retirement/Pension Plans (Continued)**

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

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

	LGERS	LEOSSA	Total
Pension expense	\$ 421,344	\$ 51,050	\$ 472,394
Pension liability	1,550,001	421,184	1,971,185
Proportionate share of the net pension liability	0.02340%	N/A	
 Deferred Outflows of Resources			
Differences between expected and actual experience	172,716	37,208	209,924
Changes of assumptions	65,866	65,823	131,689
Net difference between projected and actual earnings on plan investments	414,848	-	414,848
Changes in proportion and differences between contributions and proportionate share of contributions	19,201	-	19,201
Benefit payments and administrative costs paid subsequent to the measurement date	253,916	9,297	263,213
 Deferred Inflows of Resources			
Differences between expected and actual experience	3,718	30,086	33,804
Changes of assumptions	-	77,253	77,253
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	112,830	-	112,830

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**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**II) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**B) Liabilities (Continued)**

**2) Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the City upon request. The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The City carries no flood insurance. The City is not located in an area of the State that is designated as a flood plain or located close to a river, lake, or stream.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$600,000. The remaining employees that have access to funds are bonded under a blanket bond for \$500,000.

**3) Changes in Long-Term Liabilities**

Presented below is a summary of changes in long-term obligations for the City's governmental and business-type activities for the year ended June 30, 2024:

<b>Governmental Activities:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Net Pension Liability (LGMERS)	\$ 1,290,214	\$ 124,380	\$ -	\$ 1,414,594	\$ -
Separation Allowance (LEOSSA)	401,865	19,319	-	421,184	-
Compensated Absences	87,774	-	518	87,256	43,369
<b>Total Governmental Activities</b>	<b><u>\$ 1,779,853</u></b>	<b><u>\$ 143,699</u></b>	<b><u>\$ 518</u></b>	<b><u>\$ 1,923,034</u></b>	<b><u>\$ 43,369</u></b>
<b>Business-type Activities:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Net Pension Liability (LGMERS)	\$ 156,812	\$ -	\$ 21,405	\$ 135,407	\$ -
Compensated Absences	16,706	-	2,716.00	13,990	6,995
<b>Total Business-type Activities</b>	<b><u>\$ 173,518</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 24,121</u></b>	<b><u>\$ 149,397</u></b>	<b><u>\$ 6,995</u></b>

**CITY OF LOCUST, NORTH CAROLINA**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2024**

**II) DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (Continued)**

**B) Liabilities (Continued)**

**4) 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	\$ 7,006,888
Less:	
Prepaid Items / Inventory	-
Stabilization by State Statute	(523,450)
Streets - Powell Bill	(2,332)
	(525,782)
Remaining Fund Balance - General Fund	\$ 6,481,106

**III) INTERCOMPANY BALANCES AND ACTIVITY**

The City maintains one operating checking account from which all disbursements are made and into which all deposits are made for both the general fund and wastewater fund. That checking account is recorded in the general fund. Typically, there are no true transfers between these two funds recorded. Rather, a payable is recorded for monies deposited into the checking account for items such as monthly wastewater fees income and a receivable is recorded for the disbursements made for expenditures appropriately recorded in the wastewater fund. For the year ended June 30, 2024, there were no transactions recorded as a transfer between the funds, hence the balances below.

These internal balances represent the net receivables and payables remaining after the elimination of interfund activity within governmental and business-type activities.

	Receivable	Payable
General Fund	\$ -	\$ 649,614
Wastewater Fund	649,614	-
	\$ 649,614	\$ 649,614

**IV) SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

**A) Federal and State Assisted Programs**

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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.

**V) SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS**

The City has evaluated all subsequent events through October 11, 2024, which is the date financial statements were available to be issued. There were no recognized subsequent events meriting disclosure.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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

Schedule of the City's Total Pension Liability as a Percentage of Covered Payroll  
Law Enforcement Officers' Special Separation Allowance

Schedule of the City's Proportionate Share of Net Pension Liability (Asset)  
Local Government Employees' Retirement System

Schedule of the City's Contributions  
Local Government Employees' Retirement System

**CITY OF LOCUST, NORTH CAROLINA**  
**Schedule of Changes in the City's Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**Last Seven Fiscal Years\***

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Beginning balance of the total pension liability	\$ 401,865	\$ 453,822	\$ 475,663
Changes for the year:			
Service Cost	22,482	35,041	36,101
Interest on total pension liability	16,920	10,002	9,001
Differences between expected and actual experience in the measurement of the total pension liability	(12,725)	15,540	(33,455)
Changes of assumptions or other inputs	11,236	(93,946)	(14,894)
Benefit payments	(18,594)	(18,594)	(18,594)
Net changes	<u>19,319</u>	<u>(51,957)</u>	<u>(21,841)</u>
Ending balance of the total pension liability	<u>\$ 421,184</u>	<u>\$ 401,865</u>	<u>\$ 453,822</u>
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Beginning balance of the total pension liability	\$ 281,454	\$ 250,198	\$ 231,033
Changes for the year:			
Service Cost	16,347	14,925	14,767
Interest on total pension liability	8,872	9,107	7,301
Differences between expected and actual experience in the measurement of the total pension liability	59,499	(1,663)	8,039
Changes of assumptions or other inputs	128,085	8,887	(10,942)
Benefit payments	(18,594)	-	-
Net changes	<u>194,209</u>	<u>31,256</u>	<u>19,165</u>
Ending balance of the total pension liability	<u>\$ 475,663</u>	<u>\$ 281,454</u>	<u>\$ 250,198</u>
	<u>2018</u>		
Beginning balance of the total pension liability	\$ 195,905		
Changes for the year:			
Service Cost	12,284		
Interest on total pension liability	7,562		
Differences between expected and actual experience in the measurement of the total pension liability	(202)		
Changes of assumptions or other inputs	15,484		
Benefit payments	-		
Net changes	<u>35,128</u>		
Ending balance of the total pension liability	<u>\$ 231,033</u>		

Notes to schedule:

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

**City OF LOCUST, NORTH CAROLINA**  
**Schedule of the City's Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**Last Seven Fiscal Years\***

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total pension liability	\$ 421,184	\$ 401,865	\$ 453,822
Covered-employee payroll	960,030	798,887	766,811
Total pension liability as a percentage of covered payroll	43.87%	50.30%	59.18%
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability	\$ 475,663	\$ 281,454	\$ 250,198
Covered-employee payroll	631,827	532,940	537,259
Total pension liability as a percentage of covered payroll	75.28%	52.81%	46.57%
	<u>2018</u>		
Total pension liability	\$ 231,033		
Covered-employee payroll	513,445		
Total pension liability as a percentage of covered payroll	45.00%		

Notes to schedule:

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

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

**CITY OF LOCUST, NORTH CAROLINA**  
**Schedule of the City's Proportionate Share of Net Pension Liability (Asset)**  
**Local Government Employees' Retirement System**  
**Last Ten Fiscal Years\***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's proportion of the net pension liability (asset)	0.02340%	0.02565%	0.02589%	0.02062%
City's proportionate share of the net pension liability (asset)	\$ 1,550,001	\$ 1,447,026	\$ 397,048	\$ 736,840
City's covered payroll	\$ 1,608,478	\$ 1,519,298	\$ 1,389,450	\$ 1,291,081
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	96.36%	95.24%	28.58%	57.07%
Plan fiduciary net position as a percentage of the total pension liability**	82.97%	82.49%	84.14%	95.51%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability (asset)	0.01997%	0.01961%	0.02059%	0.02001%
City's proportionate share of the net pension liability (asset)	\$ 545,365	\$ 465,216	\$ 314,558	\$ 424,680
City's covered payroll	\$ 1,177,953	\$ 1,063,607	\$ 1,042,867	\$ 1,001,802
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	46.30%	43.74%	30.16%	42.39%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%
	<u>2016</u>	<u>2015</u>		
City's proportion of the net pension liability (asset)	0.02056%	0.02097%		
City's proportionate share of the net pension liability (asset)	\$ 92,273	\$ (123,670)		
City's covered payroll	\$ 1,010,818	\$ 983,047		
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.13%	( 12.58%)		
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%		

Notes to schedule:

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

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

**CITY OF LOCUST, NORTH CAROLINA**  
**Schedule of the City's Contributions**  
**Local Government Employees' Retirement System**  
**Last Ten Fiscal Years\***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 253,916	\$ 202,014	\$ 175,079	\$ 145,968
Contributions in relation to the contractually required contribution:	253,916	202,014	175,079	145,968
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,888,304	\$ 1,608,478	\$ 1,519,298	\$ 1,389,450
Contributions as a percentage of covered payroll	13.45%	12.56%	11.52%	10.51%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 120,569	\$ 95,596	\$ 83,548	\$ 78,045
Contributions in relation to the contractually required contribution:	120,569	95,596	83,548	78,045
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,291,081	\$ 1,177,953	\$ 1,063,607	\$ 1,042,867
Contributions as a percentage of covered payroll	9.34%	8.12%	7.86%	7.48%
	<u>2016</u>	<u>2015</u>		
Contractually required contribution	\$ 69,147	\$ 70,138		
Contributions in relation to the contractually required contribution:	69,147	70,138		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
City's covered payroll	\$ 1,001,802	\$ 1,010,818		
Contributions as a percentage of covered payroll	6.90%	6.94%		

Notes to schedule:

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

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## **INDIVIDUAL FUND SCHEDULES**

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**CITY OF LOCUST, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2024**

Schedule 1

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes:			
Taxes	\$ 2,630,600	\$ 2,660,358	\$ 29,758
Interest	7,894	8,525	631
Total	<u>2,638,494</u>	<u>2,668,883</u>	<u>30,389</u>
Other taxes and licenses:			
Motor vehicle fees	46,230	50,740	4,510
Vision cable franchise	19,900	19,434	(466)
Business registration and permits	49,605	49,605	-
Total	<u>115,735</u>	<u>119,779</u>	<u>4,044</u>
Unrestricted intergovernmental:			
Local option sales taxes	1,435,993	1,723,637	287,644
Utility franchise tax	250,000	258,134	8,134
Beer and wine tax	24,026	24,027	1
Solid waste fee	299,259	301,447	2,188
Total	<u>2,009,278</u>	<u>2,307,245</u>	<u>297,967</u>
Restricted intergovernmental:			
Powell bill allocation	145,000	168,351	23,351
Powell bill interest	100	318	218
Court fees	5,000	4,779	(221)
Other grants	548,266	548,266	-
Total	<u>698,366</u>	<u>721,714</u>	<u>23,348</u>
Sales and services:			
Recreation fees	124,685	124,646	(39)
Building rental	11,506	11,506	-
Total	<u>136,191</u>	<u>136,152</u>	<u>(39)</u>
Investment earnings	497,137	497,138	1
Miscellaneous:			
ABC income	285,845	285,846	1
Other	55,695	36,056	(19,639)
Total	<u>341,540</u>	<u>321,902</u>	<u>(19,638)</u>
Total revenues	<u>\$ 6,436,741</u>	<u>\$ 6,772,813</u>	<u>\$ 336,072</u>

**CITY OF LOCUST, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2024**

**Schedule 1**  
**(Continued)**

	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>			
General government:			
Administration:			
Salaries and employee benefits	\$ 555,318	\$ 546,411	\$ 8,907
Professional services	39,254	29,429	9,825
Membership dues	16,000	15,806	194
Other operating expenditures	758,787	305,505	453,282
Total	1,369,359	897,151	472,208
Public safety:			
Police:			
Salaries and employee benefits	1,436,748	1,401,152	35,596
Vehicle maintenance	65,000	62,586	2,414
Other operating expenditures	141,499	135,803	5,696
Capital outlay	157,731	157,730	1
Total	1,800,978	1,757,271	43,707
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits	304,625	299,568	5,057
Other operating expenditures	1,496,547	1,477,739	18,808
Total culture and recreation	1,801,172	1,777,307	23,865
Transportation			
Streets and highways:			
Salaries and employee benefits	255,193	237,337	17,856
Paving and repairs	188,350	56,486	131,864
Other operating expenditures	267,777	267,728	49
Capital outlay	217,266	216,858	408
Total public service and transportation	928,586	778,409	150,177
Environmental protection:			
Solid waste contracted services	535,646	535,645	1
Economic development:			
Economic Development	\$ 1,000	\$ -	\$ 1,000

**CITY OF LOCUST, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2024**

**Schedule 1**  
**(Continued)**

	Budget	Actual	Variance Positive (Negative)
Total expenditures	\$ 6,436,741	\$ 5,745,783	\$ 690,958
Revenues over (under) expenditures	-	1,027,030	1,027,030
Net change in fund balance	\$ -	1,027,030	\$ 1,027,030
Fund balance, beginning		5,979,858	
Fund balances, ending		\$ 7,006,888	

CITY OF LOCUST, NORTH CAROLINA

Schedule 2

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)

Wastewater Fund

For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Sewer charges	\$ 1,000,000	\$ 1,675,638	\$ 675,638
Sewer taps and fees	115,000	137,567	22,567
System development fee collections	344,050	244,050	(100,000)
State of North Carolina DEQ funds	4,839,371	4,603,577	(235,794)
Other operating revenues	176,105	320,721	144,616
Total revenues	<u>6,474,526</u>	<u>6,981,553</u>	<u>507,027</u>
<b>EXPENDITURES</b>			
Wastewater administration:			
Salaries and employee benefits	268,384	259,663	8,721
Other operating expenditures	83,261	82,497	764
Total wastewater administration	<u>351,645</u>	<u>342,160</u>	<u>9,485</u>
Waste collection and treatment			
Maintenance	40,500	22,412	18,088
Utility service fees	103,539	99,772	3,767
Primary waste treatment	716,561	488,580	227,981
Other operating expenditures	277,856	31,933	245,923
Total water distribution	<u>1,138,456</u>	<u>642,697</u>	<u>495,759</u>
Capital outlay			
Maintenance equipment	4,984,425	4,984,425	-
Total expenditures	<u>6,474,526</u>	<u>5,969,282</u>	<u>505,244</u>
Revenues over (under) expenditures	<u>-</u>	<u>1,012,271</u>	<u>1,783</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>1,012,271</u>	<u>\$ 1,783</u>
Reconciliation of modified accrual to full accrual basis:			
Reconciling items:			
Deferred outflows of resources		(18,807)	
Deferred inflows of resources		(4,795)	
Net pension liability		21,405	
Compensated absences		16,706	
Equipment purchases		4,969,198	
Depreciation		(334,446)	
Total reconciling items		<u>4,649,261</u>	
Change in net position		<u>\$ 5,661,532</u>	

**CITY OF LOCUST, NORTH CAROLINA**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2024**

**Schedule 3**

Fiscal Year	Uncollected Balance June 30, 2023	Additions	Collections and Credits	Uncollected Balance June 30, 2024
2023-2024	\$ -	\$ 2,671,896	\$ 2,655,475	\$ 16,421
2022-2023	12,323		5,056	7,267
2021-2022	8,897		2,587	6,310
2020-2021	4,444		2,048	2,396
2019-2020	2,892		848	2,044
2018-2019	2,080		711	1,369
2017-2018	3,407		641	2,766
2016-2017	1,683		514	1,169
2015-2016	1,440		206	1,234
2014 and prior	3,168		1,366	1,802
	<u>\$ 40,334</u>	<u>\$ 2,671,896</u>	<u>\$ 2,669,452</u>	<u>42,778</u>
				Ad valorem taxes receivable - net 42,778
 <u>Reconciliation to revenues:</u>				
				\$ 2,668,883
				Ad valorem taxes - General Fund
				Reconciling items:
				Interest collected (8,525)
				Discounts allowed 9,094
				Subtotal 569
				Total collections and credits \$ 2,669,452

CITY OF LOCUST, NORTH CAROLINA

Schedule 4

Analysis of Current Tax Levy

City-Wide Levy

June 30, 2024

	Town - Wide		Total Levy		
	Property		Total	Property	Registered
	Valuation	Rate	Levy	Excluding	Motor
				Registered	Motor
				Vehicles	Vehicles
Original levy:					
Property taxed at current rate	\$ 740,943,485	0.36	\$ 2,667,397	\$ 2,387,989	\$ 279,408
Discoveries - current and prior years	1,285,421	0.36	4,628	4,628	-
Supplemental bill	-	0.36	-	-	-
Releases	(35,488)	0.36	(128)	(128)	-
Total property valuation	<u>\$ 742,193,418</u>				
Net levy			2,671,896	2,392,488	279,408
Unpaid (by taxpayer) taxes at June 30, 2022			(16,421)	(16,421)	-
Current year's taxes collected			<u>\$ 2,655,475</u>	<u>\$ 2,376,067</u>	<u>\$ 279,408</u>
Current levy collection percentage			<u>99.39%</u>	<u>99.31%</u>	<u>100.00%</u>



# STATISTICAL SECTION

The information presented in the statistical section is provided for additional analysis purposes only and has not been subjected to audit verification as presented.

**Financial Trends** – These tables contain trend information to help the reader understand how the government’s financial performance and well-being have been changed over time.

**Revenue Capacity** – These tables contain information to help the reader assess the government’s most significant local revenue source, the property tax.

**Debt Capacity** – These tables present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.

**Demographic and Economic Information** – These tables offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.

**Operating Information** – These tables contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs





**CITY OF LOCUST, NORTH CAROLINA**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Governmental activities										
Net Investment in capital assets	\$ 8,775,130	\$ 8,391,203	\$ 8,645,075	\$ 8,765,278	\$ 8,456,451	\$ 12,445,622	\$ 12,244,417	\$ 11,928,786	\$ 11,694,450	\$ 12,787,871
Restricted	430,920	404,042	287,953	364,389	274,497	285,386	296,069	362,952	397,624	525,782
Unrestricted	484,720	1,290,013	1,604,110	1,922,013	2,268,082	935,109	1,481,770	2,969,201	4,642,366	5,345,011
Total governmental activities net position	9,690,770	10,085,258	10,537,138	11,051,680	10,999,030	13,666,117	14,022,256	15,260,939	16,734,440	18,658,664
Business-type activities										
Net Investment in capital assets	7,632,407	7,848,229	7,981,150	7,968,487	8,721,535	9,641,348	10,024,403	9,841,086	9,544,084	14,178,836
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(36,289)	274,188	828,776	1,394,508	1,576,444	1,265,825	1,579,883	2,983,752	5,221,620	6,248,400
Total business-type activities net position	7,596,118	8,122,417	8,809,926	9,362,995	10,297,979	10,907,173	11,604,286	12,824,838	14,765,704	20,427,236
Primary Government										
Net Investment in capital assets	16,407,537	16,239,432	16,626,225	16,733,765	17,177,986	22,086,970	22,268,820	21,769,872	21,238,534	26,966,707
Restricted	430,920	404,042	287,953	364,389	274,497	285,386	296,069	362,952	397,624	525,782
Unrestricted	448,431	1,564,201	2,432,886	3,316,521	3,844,526	2,200,934	3,061,653	5,952,953	9,863,986	11,593,411
Total primary government activities net position	\$ 17,286,888	\$ 18,207,675	\$ 19,347,064	\$ 20,414,675	\$ 21,297,009	\$ 24,573,290	\$ 25,626,542	\$ 28,085,777	\$ 31,500,144	\$ 39,085,900

**CITY OF LOCUST, NORTH CAROLINA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>Fiscal Year</b>									
	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 635,144	\$ 575,510	\$ 675,481	\$ 683,204	\$ 712,870	\$ 748,638	\$ 796,197	\$ 819,588	\$ 893,951	\$ 935,250
Public safety	912,863	682,022	914,005	983,829	1,103,178	1,303,337	1,375,133	1,552,880	1,681,072	1,888,072
Transportation	492,527	491,683	501,465	527,329	656,811	661,410	840,112	1,015,593	854,661	911,426
Economic and physical development	-	-	-	-	-	-	-	2,103	-	-
Environmental protection	240,514	219,272	214,173	216,078	238,672	242,970	245,742	250,231	1,171,835	816,576
Cultural and recreational	388,552	357,191	421,741	379,333	368,806	337,135	334,354	452,432	515,428	580,640
Interest on long-term debt	74,319	81,846	73,285	71,238	124,210	7,045	51,523	56,261	-	-
Wastewater	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>2,743,919</u>	<u>2,407,524</u>	<u>2,800,150</u>	<u>2,861,011</u>	<u>3,204,547</u>	<u>3,300,535</u>	<u>3,643,061</u>	<u>4,149,088</u>	<u>5,116,947</u>	<u>5,131,964</u>
Business type activities:										
Wastewater	923,957	894,374	873,228	924,216	1,013,038	1,181,011	1,239,236	1,437,399	854,934	1,320,021
Total business type activities	<u>923,957</u>	<u>894,374</u>	<u>873,228</u>	<u>924,216</u>	<u>1,013,038</u>	<u>1,181,011</u>	<u>1,239,236</u>	<u>1,437,399</u>	<u>854,934</u>	<u>1,320,021</u>
Total primary governmental activities	<u>\$ 3,667,876</u>	<u>\$ 3,301,898</u>	<u>\$ 3,673,378</u>	<u>\$ 3,785,227</u>	<u>\$ 4,217,585</u>	<u>\$ 4,481,546</u>	<u>\$ 4,882,297</u>	<u>\$ 5,586,487</u>	<u>\$ 5,971,881</u>	<u>\$ 6,451,985</u>

**CITY OF LOCUST, NORTH CAROLINA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 5,765	\$ 5,265	\$ 5,313	\$ 5,600	\$ 6,118	\$ 3,160	\$ 575	\$ 350	\$ 100	\$ -
Public safety	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	55,444	60,564	67,881	64,024	73,967	48,231	46,290	68,708	79,109	124,646
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Non departmental	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	-	666	2,777	1,179	1,609	578	80,610	-	-	-
Public safety	4,532	4,541	4,121	3,793	36,296	35,758	35,574	33,333	60,366	36,666
Transportation	104,587	104,898	105,887	106,776	107,453	108,298	107,134	144,279	145,604	168,351
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	2,000	658,995	280,931
Cultural and recreational	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Non departmental	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions:										
General government	-	-	281,638	346,681	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	2,551,645	-	-	-	-
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	-	-	-	6,322	1,200	511,600
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Non departmental	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>170,328</b>	<b>175,934</b>	<b>467,617</b>	<b>528,053</b>	<b>225,443</b>	<b>2,747,670</b>	<b>270,183</b>	<b>254,992</b>	<b>945,374</b>	<b>1,122,194</b>
Business type activities:										
Charges for services:										
Sewer fund	1,133,735	1,420,673	1,560,737	1,507,285	1,964,485	1,790,206	1,936,350	2,656,257	2,720,059	2,065,084
Stormwater fund	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
Solid waste fund	-	-	-	-	-	-	-	-	-	-
Stormwater fund	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Sewer fund	-	-	-	-	-	-	-	-	-	-
Stormwater fund	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>1,133,735</b>	<b>1,420,673</b>	<b>1,560,737</b>	<b>1,507,285</b>	<b>1,964,485</b>	<b>1,790,206</b>	<b>1,936,350</b>	<b>2,656,257</b>	<b>2,720,059</b>	<b>2,065,084</b>
<b>Total primary governmental program revenues</b>	<b>\$ 1,304,063</b>	<b>\$ 1,596,607</b>	<b>\$ 2,028,354</b>	<b>\$ 2,035,338</b>	<b>\$ 2,189,928</b>	<b>\$ 4,537,876</b>	<b>\$ 2,206,533</b>	<b>\$ 2,911,249</b>	<b>\$ 3,665,433</b>	<b>\$ 3,187,278</b>
<b>Net (expense)/revenue:</b>										
Total governmental activities net (expense)/revenue	<u>\$(2,363,813)</u>	<u>\$(1,705,291)</u>	<u>\$(1,645,024)</u>	<u>\$(1,749,889)</u>	<u>\$(2,027,657)</u>	<u>\$ 56,330</u>	<u>\$(2,675,764)</u>	<u>\$(2,675,238)</u>	<u>\$(2,306,448)</u>	<u>\$(3,264,707)</u>

**CITY OF LOCUST, NORTH CAROLINA**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	<b>Fiscal Year</b>									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes levied for general purposes	\$ 1,359,668	\$ 1,355,843	\$ 1,421,363	\$ 1,532,589	\$ 1,562,474	\$ 1,674,986	\$ 1,911,376	\$ 2,304,682	\$ 2,483,628	\$ 2,671,327
Other taxes	64,627	50,739	107,092	101,605	163,639	174,148	273,304	164,575	159,693	119,779
Unrestricted intergovernmental revenue	996,701	1,151,973	1,124,556	1,165,987	1,277,079	1,325,602	1,519,554	1,976,904	2,107,913	2,307,245
Unrestricted investment earnings	6,315	6,096	8,906	12,879	18,275	26,534	5,726	7,420	251,778	497,138
Miscellaneous	68,874	61,427	44,747	4,440	22,527	18,682	19,057	679,198	642,062	338,505
Gain/(loss) on sale of assets	-	-	-	-	-	-	-	-	-	-
Total general revenues not including transfers	2,496,185	2,626,078	2,706,664	2,817,500	3,043,994	3,219,952	3,729,017	5,132,779	5,645,074	5,933,994
Transfers in	-	-	-	30,000	-	-	-	-	-	-
Transfers (out)	(60,800)	-	-	-	-	-	-	-	-	-
Total general revenues and transfers-governmental activities	2,435,385	2,626,078	2,706,664	2,847,500	3,043,994	3,219,952	3,729,017	5,132,779	5,645,074	5,933,994
Business-type activities:										
Grants and contributions	-	-	-	-	-	-	-	-	-	4,603,577
Unrestricted investment earnings	-	-	-	-	-	-	-	1,694	75,741	112,892
Miscellaneous	-	-	-	-	-	-	-	-	-	200,000
Transfers in	60,800	-	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	(30,000)	-	-	-	-	-	-
Total general revenues and transfers-Business-type activities	60,800	-	-	(30,000)	-	-	-	1,694	75,741	4,916,469
<b>Change in Net Position</b>										
Governmental activities										
Net position-beginning	10,111,601	9,823,277	10,217,765	10,669,645	11,184,187	10,999,030	13,666,117	14,022,256	15,260,939	16,734,440
Prior Period Adjustment	(150,118)	-	77,749	-	(117,540)	-	-	-	-	-
LEOSSA adjustment	-	-	-	-	-	-	-	-	-	-
Change in net position	(138,206)	394,488	374,131	514,542	64,890	2,667,087	356,139	1,238,683	1,473,501	1,924,224
Net position-ending.	9,823,277	10,217,765	10,669,645	11,184,187	11,131,537	13,666,117	14,022,256	15,260,939	16,734,440	18,658,664
Business-type activities										
Net position-beginning	7,339,128	7,596,118	8,122,417	8,809,926	9,362,995	10,297,979	10,907,173	11,604,286	12,824,838	14,765,704
Prior Period Adjustment	(13,588)	-	-	-	(16,462)	-	-	-	-	-
Change in net position	270,578	526,299	687,509	553,069	951,446	609,194	697,113	1,220,552	1,940,866	5,661,532
Net position-ending.	7,596,118	8,122,417	8,809,926	9,362,995	10,297,979	10,907,173	11,604,286	12,824,838	14,765,704	20,427,236
Total net position-ending	\$ 17,419,395	\$ 18,340,182	\$ 19,479,571	\$ 20,547,182	\$ 21,429,516	\$ 24,573,290	\$ 25,626,542	\$ 28,085,777	\$ 31,500,144	\$ 39,085,900

**CITY OF LOCUST, NORTH CAROLINA**  
**Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

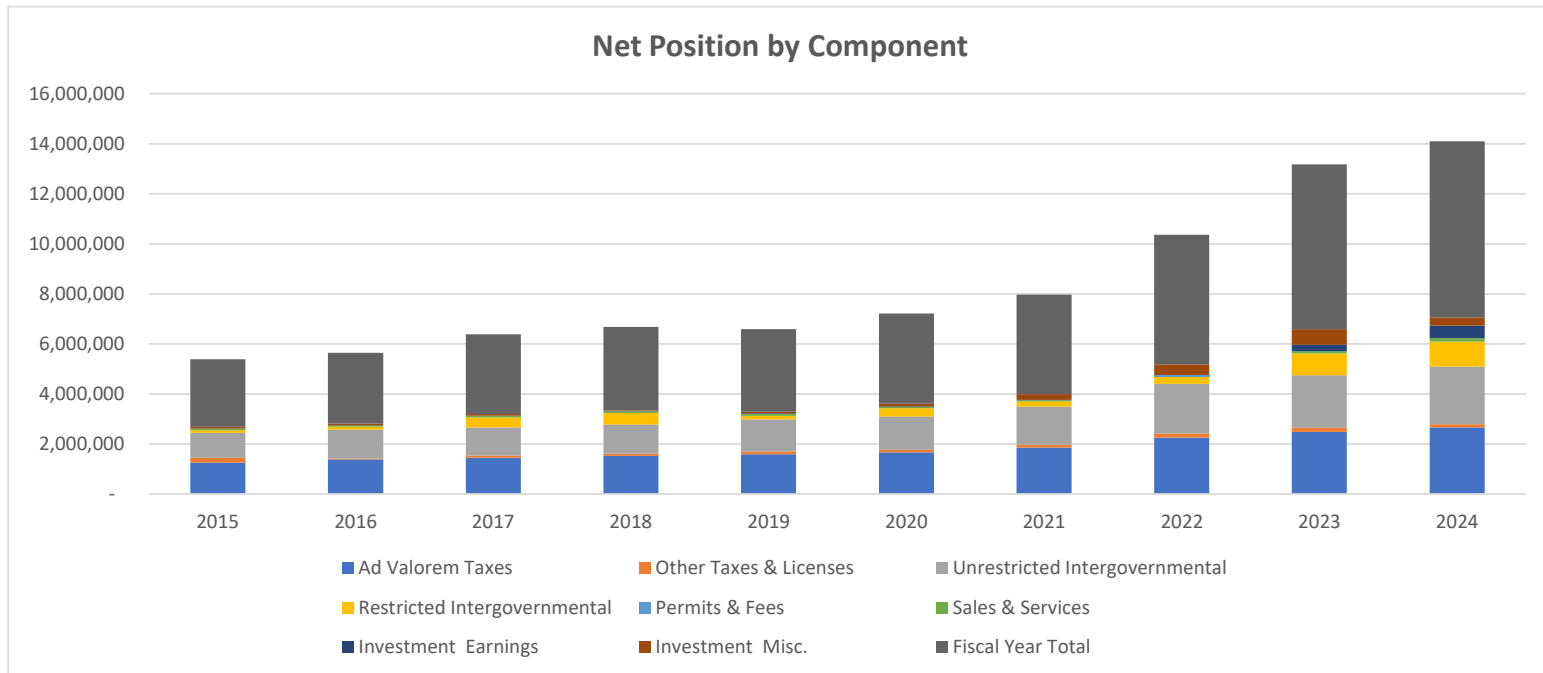
	Fiscal Year									
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<i>General Fund</i>										
Restricted										
Stabilization by state statute	\$ 269,267	\$ 269,267	\$ 219,632	\$ 266,521	\$ 216,813	\$ 218,006	\$ 230,698	\$ 360,686	\$ 391,830	\$ 523,450
Streets-Powell bill	161,653	134,775	68,321	97,868	57,684	67,380	65,371	2,266	5,794	2,332
Committed										
Special projects	-	-	-	-	-	-	-	-	-	-
Unspendable										
Prepaid expenses	1,534	41,562	81,396	81,396	81,305	82,021	82,021	82,021	-	-
USDA Reserves	28,780	38,653	48,524	58,394	68,265	78,135	88,000	-	-	-
Assigned										
Veterans Memorial	7,492	34,470	-	-	-	-	-	-	-	-
Law enforcement separation allowance	-	-	-	231,033	250,198	281,454	475,663	453,822	-	-
Unassigned	1,038,438	1,528,726	1,929,196	1,929,871	2,359,263	2,801,595	3,027,322	3,165,874	5,582,234	6,481,106
<b>Total General Fund</b>	<b>\$ 1,507,164</b>	<b>\$ 2,047,453</b>	<b>\$ 2,347,069</b>	<b>\$ 2,665,083</b>	<b>\$ 3,033,528</b>	<b>\$ 3,528,591</b>	<b>\$ 3,969,075</b>	<b>\$ 4,064,669</b>	<b>\$ 5,979,858</b>	<b>\$ 7,006,888</b>
<i>All other governmental funds:</i>										
<i>Capital Project Fund</i>										
Restricted										
Stabilization by state statute	-	-	-	-	-	-	-	-	-	-
Streets-Powell bill	-	-	-	-	-	-	-	-	-	-
Committed										
Community Parks Reserve Funds	-	-	-	-	-	-	-	-	-	-
Special projects	-	-	-	-	-	-	-	-	-	-
Unspendable	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
Assigned										
Government Center	-	(42,351)	-	-	-	-	-	-	-	-
Law enforcement separation allowance	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ -</b>	<b>\$ (42,351)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**CITY OF LOCUST, NORTH CAROLINA**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	<b>Fiscal Year</b>									
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Revenues</b>										
Ad valorem taxes	\$ 1,251,309	\$ 1,378,992	\$ 1,443,009	\$ 1,530,436	\$ 1,587,954	\$ 1,669,419	\$ 1,862,120	\$ 2,261,627	\$ 2,486,346	\$ 2,668,883
Other taxes and licenses	198,137	47,384	99,359	85,213	118,449	98,965	110,450	166,316	159,693	119,779
Unrestricted intergovernmental	996,701	1,151,973	1,124,556	1,165,987	1,277,079	1,325,602	1,519,554	1,975,163	2,107,913	2,307,245
Restricted intergovernmental	109,119	109,438	391,647	457,250	143,750	144,056	214,442	281,073	869,889	1,002,645
Permits and fees	-	-	-	-	-	-	-	74,848	-	-
Sales and services	59,460	65,829	73,194	69,624	80,085	51,391	46,865	-	84,274	136,152
Investment earnings	6,315	6,096	8,906	12,879	18,275	26,534	5,726	7,420	251,778	497,138
Miscellaneous	71,529	60,613	55,256	22,010	69,327	94,813	230,363	415,294	633,273	321,902
Total revenues	2,692,570	2,820,325	3,195,927	3,343,399	3,294,919	3,410,780	3,989,520	5,181,741	6,593,166	7,053,744
<b>Expenditures</b>										
Current:										
General government	532,390	565,790	914,396	934,615	605,576	609,501	656,312	679,928	728,352	897,151
Public Safety	890,680	807,350	898,448	956,664	1,052,652	1,218,545	1,311,067	1,605,245	1,474,519	1,757,271
Transportation	249,608	263,397	376,040	255,967	460,908	372,940	797,362	564,943	831,487	778,409
Economic and physical development	50	-	-	-	-	-	10,267	2,103	-	-
Environmental protection	240,514	219,272	214,173	216,078	238,673	242,970	245,742	250,231	1,171,835	816,576
Cultural and recreation	314,577	304,670	441,995	411,572	288,242	248,070	279,596	376,279	471,784	1,777,307
Debt service:										
Principal	39,451	79,572	54,942	206,140	73,490	154,131	194,996	1,607,417	-	-
Interest and other charges	75,874	82,337	73,967	74,350	125,202	69,561	53,696	-	-	-
Total expenditures	2,343,144	2,322,388	2,973,961	3,055,386	2,844,743	2,915,718	3,549,037	5,086,146	4,677,977	6,026,714
Excess (deficiency) of revenues over expenditures	349,426	497,937	221,966	288,013	450,177	495,062	440,483	95,595	1,915,189	1,027,030
<b>Other financing sources (uses):</b>										
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
Proceeds from insurance claims	-	-	-	-	-	-	-	-	-	-
Loan Proceeds	-	-	120,000	-	-	-	-	-	-	-
Capital lease obligations issued	-	-	-	-	-	-	-	-	-	-
Construction Loan	-	-	-	-	-	-	-	-	-	-
Transfer from other funds	-	-	71,061	30,000	7,167	199,645	-	-	-	-
Transfer to other funds	(60,800)	-	(71,061)	-	(7,167)	(199,645)	-	-	-	-
Total other financing sources (uses)	(60,800)	-	120,000	30,000	-	-	-	-	-	-
Net change in fund balance	288,626	497,937	341,966	318,013	450,178	495,063	440,483	95,595	1,915,189	1,027,030
Fund balance, beginning	1,218,538	1,507,164	2,005,102	2,347,069	2,665,082	3,033,528	3,528,591	3,969,074	4,064,669	5,979,858
Restatement	-	-	-	-	(81,732)	-	-	-	-	-
Fund balance, end of year	\$ 1,507,164	\$ 2,005,101	\$ 2,347,068	\$ 2,665,082	\$ 3,033,528	\$ 3,528,591	\$ 3,969,074	\$ 4,064,669	\$ 5,979,858	\$ 7,006,888
Debt services as a percentage of non-capital expenditures	4.9%	7.0%	4.3%	9.2%	7.0%	7.7%	7.0%	31.6%	0.0%	0.0%

**CITY OF LOCUST, NORTH CAROLINA**  
**Governmental Activities Tax Revenue By Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

Fiscal Year	Ad Valorem Taxes	Other Taxes & Licenses	Unrestricted Intergovernmental	Restricted Intergovernmental	Permits & Fees	Sales & Services	Investment Earnings	Misc.	Fiscal Year Total
2015	1,251,309	198,137	996,701	109,119	-	59,460	6,315	71,529	2,692,570
2016	1,378,992	47,384	1,151,973	109,438	-	65,829	6,096	60,613	2,820,325
2017	1,443,009	99,359	1,124,556	391,647	-	73,194	8,906	55,256	3,195,927
2018	1,530,436	85,213	1,165,987	457,250	-	69,624	12,879	22,010	3,343,399
2019	1,587,954	118,449	1,277,079	143,750	-	80,085	18,275	69,327	3,294,919
2020	1,669,419	98,965	1,325,602	343,701	-	51,391	26,534	94,813	3,610,425
2021	1,862,120	110,450	1,519,554	214,442	-	46,865	5,726	230,363	3,989,520
2022	2,261,627	166,316	1,975,163	281,073	74,848	-	7,420	415,294	5,181,741
2023	2,486,346	159,693	2,107,913	869,889	-	84,274	251,778	633,273	6,593,166
2024	2,668,883	119,779	2,307,245	1,002,645	-	136,152	497,138	321,902	7,053,744



Compiled from Annual Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Fund Types, using modified accrual basis of accounting.

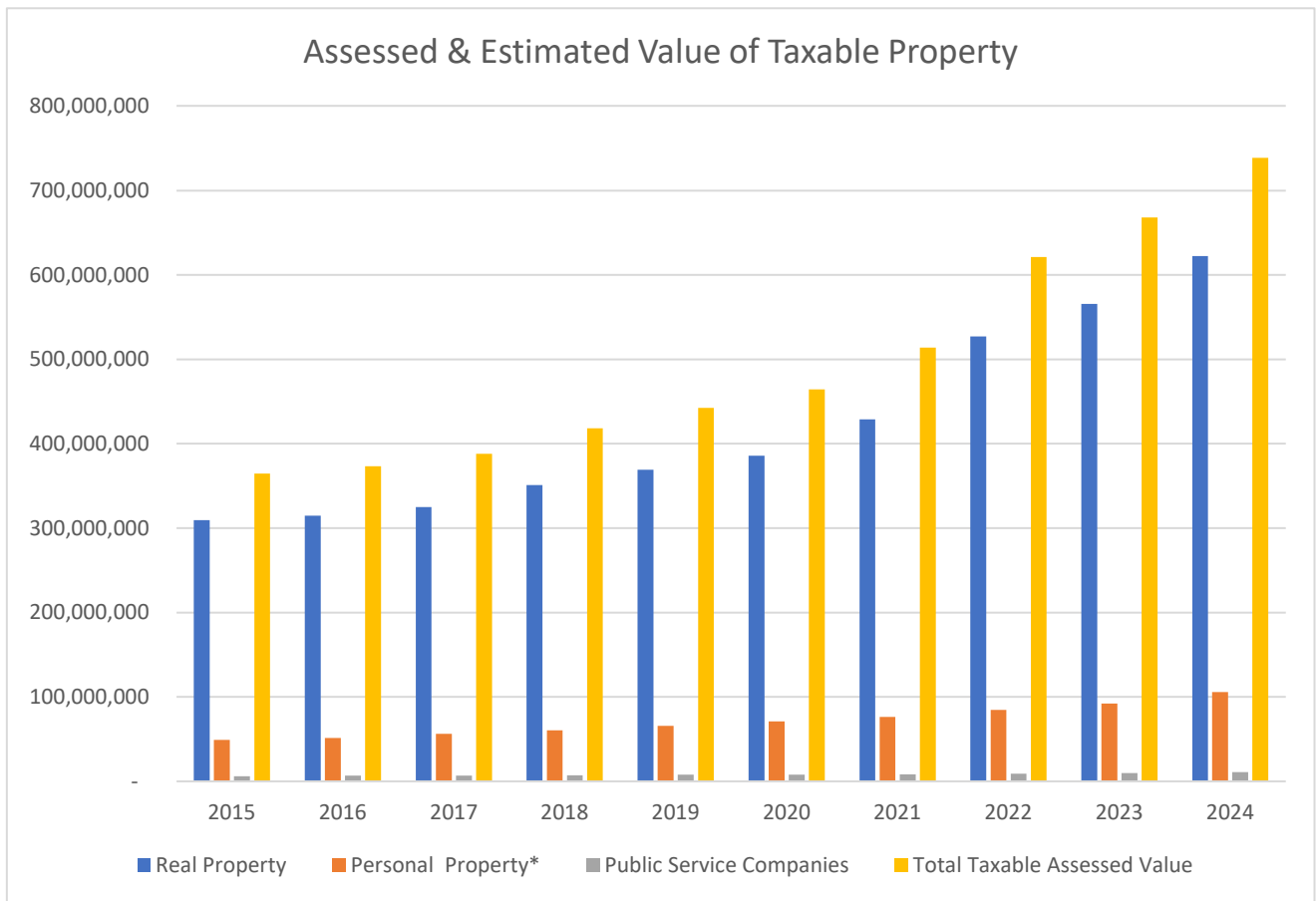


**CITY OF LOCUST, NORTH CAROLINA**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ending June 30</b>	<b>Real Property</b>	<b>Personal Property*</b>	<b>Public Service Companies</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate</b>
2015	309,377,868	49,332,355	5,946,480	364,656,703	0.3600
2016	314,714,275	51,510,045	7,001,358	373,225,678	0.3600
2017	324,855,305	56,331,435	6,704,292	387,891,032	0.3600
2018	350,965,998	60,291,346	7,043,113	418,300,457	0.3600
2019	369,075,145	65,850,167	7,849,681	442,774,993	0.3600
2020	385,480,911	70,976,123	7,995,078	464,452,112	0.3600
2021	429,121,620	76,461,763	8,263,231	513,846,614	0.3600
2022	527,274,110	84,735,221	9,107,291	621,116,622	0.3600
2023	565,898,468	92,369,513	9,798,446	668,066,427	0.3600
2024	622,245,392	105,618,156	10,979,029	738,842,577	0.3600

Compiled from NC Dept. of Revenue-County Taxable Real Property, Personal Property, and Public Service Company Valuations (LG55) and TR-2 Submissions

\* includes registered motor vehicles



**CITY OF LOCUST, NORTH CAROLINA**  
**Property Tax Rates**  
**Direct and Overlapping Governments**  
**Last Ten Fiscal Years**

Fiscal Year	City of Locust		Stanly County		Total Direct and Overlapping Rate
	Operating Rate	Total Direct Rate	Operating Rate	Total Direct Rate	
2015	0.3600	0.3600	0.6700	0.6700	1.0300
2016	0.3600	0.3600	0.6700	0.6700	1.0300
2017	0.3600	0.3600	0.6700	0.6700	1.0300
2018	0.3600	0.3600	0.6700	0.6700	1.0300
2019	0.3600	0.3600	0.6700	0.6700	1.0300
2020	0.3600	0.3600	0.6700	0.6700	1.0300
2021	0.3600	0.3600	0.6700	0.6700	1.0300
2022	0.3600	0.3600	0.6100	0.6100	0.9700
2023	0.3600	0.3600	0.6100	0.6100	0.9700
2024	0.3600	0.3600	0.6100	0.6100	0.9700

Fiscal Year	City of Locust		Cabarrus County		Total Direct and Overlapping Rate
	Operating Rate	Total Direct Rate	Operating Rate	Total Direct Rate	
2015	0.3600	0.3600	0.7000	0.7000	1.0600
2016	0.3600	0.3600	0.7000	0.7000	1.0600
2017	0.3600	0.3600	0.7000	0.7000	1.0600
2018	0.3600	0.3600	0.7000	0.7000	1.0600
2019	0.3600	0.3600	0.7200	0.7200	1.0800
2020	0.3600	0.3600	0.7400	0.7400	1.1000
2021	0.3600	0.3600	0.7400	0.7400	1.1000
2022	0.3600	0.3600	0.7400	0.7400	1.1000
2023	0.3600	0.3600	0.7400	0.7400	1.1000
2024	0.3600	0.3600	0.7400	0.7400	1.1000

Source: Stanly and Cabarrus Counties Tax Offices  
ncdor.gov Fiscal Year County and Municipal Property Tax Rates

**CITY OF LOCUST, NORTH CAROLINA**  
**Principal Property Taxpayers**  
**For the Fiscal Year Ended June 30, 2024**

<b>2023</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
DR Horton Inc	\$ 13,506,851	1	1.83%
Walmart Real Estate Business	\$ 12,039,958	2	1.63%
Chicago Tube & Iron	\$ 10,302,192	3	1.39%
Duke Energy Carolinas LLC	\$ 7,514,506	4	1.02%
Adams Homes AEC LLC	\$ 5,465,600	5	0.74%
Locust Golf Associates LLC	\$ 4,859,520	6	0.66%
Ready Mix of the Carolinas Inc.	\$ 4,786,284	7	0.65%
Locust-Highway 200 LLC/NC LLC	\$ 4,689,060	8	0.63%
GHI of West Palm Beach LLC	\$ 4,335,526	9	0.59%
WRS Centers Shops LLC	\$ 3,882,150	10	0.53%

<b>2014</b>			
<b>Taxpayer</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Chicago Tube & Iron	\$ 11,952,072	1	3.28%
Walmart Real Estate Business	\$ 10,478,291	2	2.87%
Locust Golf Associates LLC	\$ 10,022,820	3	2.75%
Locust-Highway 200 LLC/NC LLC	\$ 5,907,970	4	1.62%
Meadow Creek Business Park LLC	\$ 3,744,438	5	1.03%
WRS Centers Shops LLC	\$ 3,728,040	6	1.02%
Oakboro Main St Development	\$ 3,503,298	7	0.96%
Home Savings Bank of Albemarle	\$ 3,174,877	8	0.87%
Duke Energy Carolinas LLC	\$ 2,599,221	9	0.71%
Stanly Plaza LLC	\$ 2,565,680	10	0.70%

Source: Cabarrus County and Stanly County Office of the Tax Collector

**CITY OF LOCUST, NORTH CAROLINA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

<b>Fiscal Year Ended</b>	<b>Total Levy for Fiscal Year (Original Year)</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Original Levy</b>		<b>Amount</b>	<b>Percentage of Adjusted Levy</b>
2015	1,352,809	1,318,374	97.45%	34,435	1,352,809	100.00%
2016	1,350,076	1,321,306	97.87%	28,770	1,350,076	100.00%
2017	1,399,646	1,374,019	98.17%	25,627	1,399,646	100.00%
2018	1,526,094	1,497,424	98.12%	28,670	1,526,094	100.00%
2019	1,588,679	1,561,615	98.30%	27,064	1,588,679	100.00%
2020	1,667,335	1,644,292	98.62%	23,043	1,667,335	100.00%
2021	1,862,373	1,843,378	98.98%	18,995	1,862,373	100.00%
2022	2,252,401	2,235,583	99.25%	16,818	2,252,401	100.00%
2023	2,477,577	2,465,254	99.50%	12,323	2,477,577	100.00%
2024	2,671,896	2,655,475	99.39%	16,421	2,671,896	100.00%

Data from Analysis of Current Tax Level Schedule in audit

**CITY OF LOCUST, NORTH CAROLINA**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Bonds Authorized But Not Issued</b>	<b>General Obligation Bonds Issued</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>	<b>Percentage of Personal Income</b>
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	-	-	-

Not Applicable - no bond debts

**CITY OF LOCUST, NORTH CAROLINA**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental				Business-Type					
	Capitalized	Construction	Government Center	Installment	Capitalized	Installment	Total Primary	Per	Percentage of Assessed Value	Percentage of Total Personal Income
	Leases	Loan	Loan	Purchases	Leases	Purchases	Government	Capita	Of Property	
2015	30,153	-	2,056,711	-	-	2,631,027	4,717,891	\$ 1,591	1.29%	6.41%
2016	84,844	-	2,030,010	-	-	2,139,238	4,254,092	\$ 1,388	1.14%	5.25%
2017	57,538	-	2,002,375	120,000	-	1,789,585	3,969,498	\$ 1,250	1.02%	4.47%
2018	-	-	1,973,773	-	-	1,586,188	3,559,961	\$ 1,109	0.85%	3.81%
2019	-	-	1,900,283	-	-	695,916	2,596,199	\$ 802	0.59%	2.75%
2020	-	-	1,746,152	-	-	-	1,746,152	\$ 382	0.38%	1.31%
2021	-	-	1,551,156	-	-	-	1,551,156	\$ 335	0.30%	1.12%
2022	-	-	-	-	-	-	-	\$ -	0.00%	0.00%
2023	-	-	-	-	-	-	-	\$ -	0.00%	0.00%
2024	-	-	-	-	-	-	-	\$ -	0.00%	0.00%

Note 1: Details regarding the City's outstanding debt can be found in the City's Financial statements.

Note 2: Debt excluded LEO separation allowances and compensated absences.

**CITY OF LOCUST, NORTH CAROLINA**  
**Direct and Overlapping Governmental Activites Debt**  
**As of June 30, 2024**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
Direct Debt:			
Locust	\$ -	100%	\$ -
Indirect Debt:			
Stanly County (1)	\$ 37,532,676	11%	\$ 3,950,994
Cabarrus County (2)	\$ 476,172,174	3%	\$ 11,986,439
Total Indirect Overlapping Debt	<u>\$ 513,704,850</u>		<u>\$ 15,937,432</u>
Total direct and indirect overlapping debt	<u>\$ 513,704,850</u>		<u>\$ 15,937,432</u>

Sources:

<sup>1</sup> Stanly County Finance Department

<sup>2</sup> Cabarrus County Finance Department

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--therefore responsible for repaying the debt--of each overlapping governments.

**CITY OF LOCUST, NORTH CAROLINA**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed value of property	\$ 377,550,833	\$ 376,259,166	\$ 388,526,492	\$ 423,914,875	\$ 441,299,628	\$ 463,148,586	\$ 517,325,961	\$ 625,666,944	\$ 688,215,730	\$ 742,193,418
Debt Limit, 8% of Assessed value (Statutory Limitation)	30,204,067	30,100,733	31,082,119	33,913,190	35,303,970	37,051,887	41,386,077	50,053,356	55,057,258	59,375,473
Debt applicable to debt limitations:										
Total bonded debt	-	-	-	-	-	-	-	-	-	-
Debt not evidenced by bonds	2,139,238	1,789,585	1,586,188	695,916	-	-	-	-	-	-
Legal debt margin	28,064,829	28,311,148	29,495,931	33,217,274	35,303,970	37,051,887	41,386,077	50,053,356	55,057,258	59,375,473
Legal debt margin as a percentage of debt limit	92.9%	94.1%	94.9%	97.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: Assessed value of property as presented above may differ slightly from the North Carolina Department of Revenue-County Taxable Real Property, Personal Property and Public Service Company Valuations (LG55)

Data from Analysis of Current Tax Levy in audit



**CITY OF LOCUST, NORTH CAROLINA**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population</b>	<b>Households</b>	<b>Average Household Income</b>	<b>Total Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Stanly County Unemployment Rate</b>
2015	2966	1,179	\$ 52,643	\$ 73,559,766	\$ 24,801	5.7%
2016	3066	1,244	\$ 55,283	\$ 80,966,928	\$ 26,408	4.3%
2017	3176	1,379	\$ 55,348	\$ 88,839,072	\$ 27,972	5.1%
2018	3209	1,454	\$ 55,893	\$ 93,359,437	\$ 29,093	3.3%
2019	3238	1,397	\$ 68,141	\$ 94,358,558	\$ 29,141	3.6%
2020	4568	1,858	\$ 55,684	\$ 133,116,088	\$ 29,141	6.2%
2021	4633	1,883	\$ 54,617	\$ 138,925,138	\$ 29,986	4.4%
2022	4718	1,925	\$ 57,031	\$ 139,445,208	\$ 29,556	3.3%
2023	4868	1,965	\$ 60,128	**N/A	\$ 33,226	***3.13%
2024	5854	1,900	\$ 67,481	\$ 181,125,862	\$ 31,453	4.30%

Sources:

ESRI Business Analyst  
U.S. Census Bureau  
Stanly County Economic Development Office  
Stanly County, NC

*Source: U.S. Census City/Town Population Estimates*

5-year estimates historical data available (US Census ACS 5-Year Estimates)  
Multiplied Per Capita Income by Population

\* US Census population estimates use decennial census's as their base. Therefore, if a region sees dramatic change in population between the decennial census's sometimes it is not captured in the estimates as it gets farther from the decennial census. This then gets corrected when the next decennial census comes out. In this case, Locust grew dramatically between 2010-2020 which was not captured in the annual estimates and it looks like a massive jump in one year from 2019-2020. In reality, it is a data correction and at some point later this year or early next year they will go back and fix the 2011-2019 population estimates.

\*\*US Census data is not available but used estimates from ESRI.

\*\*\*Average of January, 2023-June, 2022 (most recently updated) unemployment rates

**CITY OF LOCUST, NORTH CAROLINA**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<b>2024</b>		<b>Range of Total Number of Employees</b>	<b>2015</b>		<b>Range of Total Number of Employees</b>
<b>Employees</b>	<b>Rank</b>		<b>Employees</b>	<b>Rank</b>	
Walmart	1	100 - 249 Employees		1	
UFP Industries Inc	2	50 - 99 Employees		2	
Food Lion	3	50 - 99 Employees		3	
Carolina Christian School	4	50 - 99 Employees		4	
Stanly Community College/Crutchfield	5	25 - 49 Employees		5	
Tailgators Sports Grill	6	25 - 49 Employees		6	
Diamond Electronics Inc.	7	25 - 49 Employees		7	
Bojangles Famous Chicken 'N Biscuits	8	25 - 49 Employees		8	
Wendy's	9	25 - 49 Employees		9	
Builders FirstSource Inc.	10	25 - 49 Employees		10	

Data obtained from Stanly County Economic Development Office and CRBA Research Team

**CITY OF LOCUST, NORTH CAROLINA**  
**Full-time Equivalent Town Government Employees by Function**  
**Last Ten Fiscal Years**

<b>Function</b>	<b>Fiscal Year</b>									
	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>
Administration	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Legal	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Economic Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Planning	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Streets/PW	4.00	4.00	4.00	5.00	6.00	5.00	5.00	6.00	6.00	6.00
Police	12.00	12.00	12.00	12.00	13.00	12.00	12.00	14.00	15.00	15.00
Recreation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	1.00	1.00
Parks	3.00	3.00	3.00	2.50	2.50	1.50	1.50	1.00	2.00	3.00
	<b>26.00</b>	<b>26.00</b>	<b>26.00</b>	<b>26.50</b>	<b>28.50</b>	<b>25.50</b>	<b>25.50</b>	<b>29.00</b>	<b>30.00</b>	<b>31.00</b>

Source: City of Locust Budget

**CITY OF LOCUST, NORTH CAROLINA**

**Operating Indicators By Function**

**Last Ten Fiscal Years**

Parks and Recreation Departmer	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Program Participants	185	453	440	471	571	540	230	698	757	904

Police Department	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Calls For Service	5,105	5,585	5,121	5,728	5,834	N/A	5,728	5,771	6,348	8,025
Community Event Attendees	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Accidents	153	220	212	214	197	153	214	202	229	235
Arrests	272	263	311	199	200	322	199	320	471	861
Parking Tickets	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Citations	1,121	1,439	1,270	997	998	774	997	1,279	2,193	2,502
Incident Reports	1,668	1,580	1,496	1,631	1,720	1,567	1,631	1,790	1,766	1,519

Source: City of Locust Parks and Recreation and Police Departments

Note: Parks and Recreation Year 2020 and 2021 are less due to Covid-19 restrictions

N/A Function not counted/recorded

**CITY OF LOCUST, NORTH CAROLINA**  
**Capital Asset Statistics By Function**  
**Last Ten Fiscal Years**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Police Stations	1	1	1	1	1	1	1	1	1	1
Streets Maintained (Miles)	25.6	25.6	25.6	25.6	25.6	26.3	26.3	26.3	27.5	27.5

Source: City of Locust Powell Bill Annual Reporting

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## **COMPLIANCE SECTION**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Locust, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Locust North Carolina's basic financial statements, and have issued our report thereon dated October 25, 2024. Our report also includes a reference to other auditors who audited the financial statements of the Locust Board of Alcoholic Beverage Control ("ABC Board"), as described in our report on the City of Locust North Carolina's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control over Financial Reporting**

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

Our consideration of internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Locust, North Carolina'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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Strickland Hardee PLLC

Lexington, North Carolina  
October 25, 2024





# Strickland Hardee PLLC

Certified Public Accountants

INTEGRITY MEETS TRUST

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

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

### Report on Compliance for Major State Program

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

We have audited the City of Locust, North Carolina's (the "City") compliance with the types of compliance requirements as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major State program for the year ended June 30, 2024. The City's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

#### **Basis for Opinion on Major State Program**

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

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

#### **Responsibility of Management for Compliance**

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

#### **Auditor's Responsibility for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major State program as a whole.

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

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

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

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

*Strickland Hardee PLLC*

Lexington, North Carolina  
October 25, 2024

CITY OF LOCUST, NORTH CAROLINA  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2024

Schedule 5

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**SECTION I - SUMMARY OF AUDITORS' RESULTS**

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**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with

U.S. GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ yes \_\_\_\_\_  no

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes \_\_\_\_\_  none reported

Noncompliance material to financial statements noted \_\_\_\_\_ yes \_\_\_\_\_  no

**State Awards**

Type of auditor's report issued on compliance for major State programs:

Unmodified

Internal control over major State programs:

Material weaknesses identified? \_\_\_\_\_ yes \_\_\_\_\_  no

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes \_\_\_\_\_  none reported

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

Identification of major State programs:

**Program Name**  
 \_\_\_\_\_  
 Special Appropriation Legislatively Directed Grant

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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None reported.

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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None reported.

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**SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS**

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None reported.

CITY OF LOCUST, NORTH CAROLINA  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2024

Schedule 6

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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None reported.

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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None reported.

**CITY OF LOCUST, NORTH CAROLINA**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2024**

**Schedule 7**

Grantor/Pass-Through Grantor/Program or Cluster Title:	Assistance Listing Number	State/Pass-Through Entity Identifying Number	Expenditures
Federal Assistance			
<u>U.S. Department of Treasury</u>			
Pass-through from NC Office of State Budget and Management:			
Coronavirus State and Local Fiscal Recovery Fund	21.027		\$ 280,931
Total Federal Assistance			280,931
State Assistance			
<u>N.C. Department of Transportation</u>			
Powell Bill Program		DOT-4	168,351
<u>N.C. Department of Environmental Quality Division of Water Infrastructure</u>			
Special Appropriation Legislatively Directed Grant		XXX	4,603,577
Total State Assistance			4,771,928
Total Federal and State Assistance			
Total Federal and State Assistance			\$ 5,052,859

**Notes to the Schedule of Expenditures of Federal and State Awards**

**A. Basis of Presentation**

The accompanying Schedule of Federal and State Awards (SEFSA) presents the activity of all federal and state award programs of the City of Locust, North Carolina (the "City") for the year ended June 30, 2024. Expenditures for federal and state financial assistance awarded directly from the federal or state agencies, as well as those passed through other entities, are included on the SEFSA. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and the State Single Audit Implementation Act.

**B. Basis of Accounting**

The accompanying SEFSA is presented using the modified accrual basis of accounting, which is described in the notes to the City's financial statements.

**C. Indirect Cost Rate**

The Town has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.