



WORK SESSION
TOWN HALL COUNCIL CHAMBERS
MONDAY, NOVEMBER 25, 2024 AT 6:00 PM

AGENDA

CALL TO ORDER

DISCUSSION ITEMS

- [1.](#) Audit Presentation (*Chris Tucker*)
- [2.](#) Nazarene Church Parking Text Amendment (*Travis Morgan*)
- [3.](#) Pay Plan Presentation (*Baker Tilly*)
- [4.](#) Cone Mill Plan (*Ryan Spitzer*)
- [5.](#) Text Amendment for 100 housing units (*Travis Morgan*)

CLOSED SESSION

6. Closed Session pursuant to NCGS 143.318.11 (6) - *a personnel matter*

ADJOURN

If you require any type of reasonable accommodation as a result of physical, sensory, or mental disability in order to participate in this meeting, please contact Lisa Snyder, Clerk of Council, at 704-889-2291 or lsnyder@pinevillenc.gov. Three days' notice is required.

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TOWN COUNCIL AGENDA ITEM

MEETING DATE: November 25, 2024

Agenda Title/Category:	FYE24 Audit Presentation			
Staff Contact/Presenter:	Christopher Tucker, Asst. Town Manager			
Meets Strategic Initiative or Approved Plan:	Yes	No	If yes, list:	N/A
Background:	The Local Government Budget and Fiscal Control Act (NC-GS 159) requires local governments to have their accounts audited by a CPA or CPA firm after the close of the fiscal year. The results of the audited accounts become the Town’s financial statements, often called the audit report.			
Discussion:	Beau Hildebrand with Martin Starnes and Associates will be in attendance with the attached presentation to go over the results of his firm’s audit of our financials.			
Fiscal impact:	None			
Attachments:	Staff Memo MSA Powerpoint Presentation FYE24 ToP Financial Statements			
Recommended Motion to be made by Council:	No Action. Receive information			



November 19, 2024

To: Honorable Mayor and Town Council
Ryan Spitzer, Town Manager
Lisa Snyder, Town Clerk

From: Christopher Tucker, Asst. Town Manager CMT

RE: Council Information – Audit Presentation

The Local Government Budget and Fiscal Control Act (NC-GS 159) requires local governments to have their accounts audited by a CPA or CPA firm after the close of the fiscal year. The results of the audited accounts become the Town's financial statements, often called the audit report.

For Council's information at the November 25, 2024 Work Session, Beau Hildebrand with Martin Starnes and Associates will be in attendance with the attached presentation to go over the results of his firm's audit of our financials.

Martin Starnes has issued an unmodified opinion with no findings or performance indicators, which is our desired outcome. The Local Government Commission (LGC) has also accepted the report as presented in advance of our item on their agenda, which is also our desired outcome.

At a high level, all funds had positive outcomes in FYE24, and the Town remains fiscally well positioned to operate efficiently in the immediate and short-term futures, while having available resources to leverage for opportunities.

There is no Council action required other than to receive information and pose any questions to myself or Mr. Hildebrand.

A bound copy of the report will be provided at the meeting and the full report will be available on the Town's website once presented to Council.

Town of Pineville

2024 Audited Financial Statements



Audit Highlights



- ❑ UNMODIFIED OPINION ON THE FINANCIAL STATEMENTS
- ❑ COOPERATIVE STAFF

FUND BALANCE

- ❖ Serves as a measure of the Town’s financial resources available.
 - ❑ $(\text{Assets} + \text{Deferred outflows}) - (\text{Liabilities} + \text{Deferred inflows}) = \text{Fund Balance/Net Position}$



FUND BALANCE

Available fund balance as defined by the Local Government Commission (LGC) is calculated as follows:

Total Fund Balance
Less: Non spendable (not in cash form, not available)
Less: Stabilization by State Statute (by state law, not available)
Available Fund Balance

This is the calculation utilized as the basis for comparing you to other units and calculating your fund balance percentages.

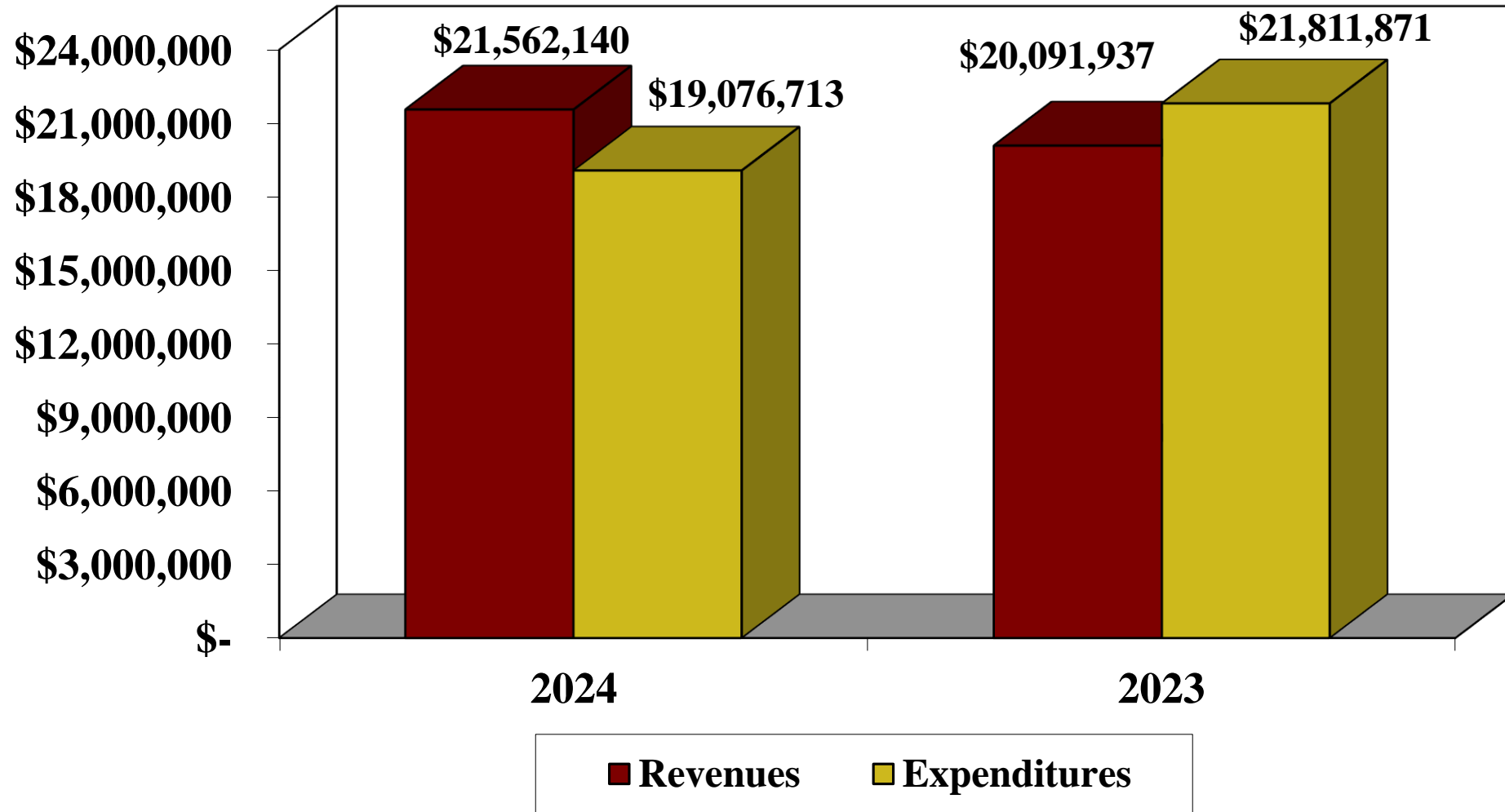


FUND BALANCE POSITION – GENERAL FUND

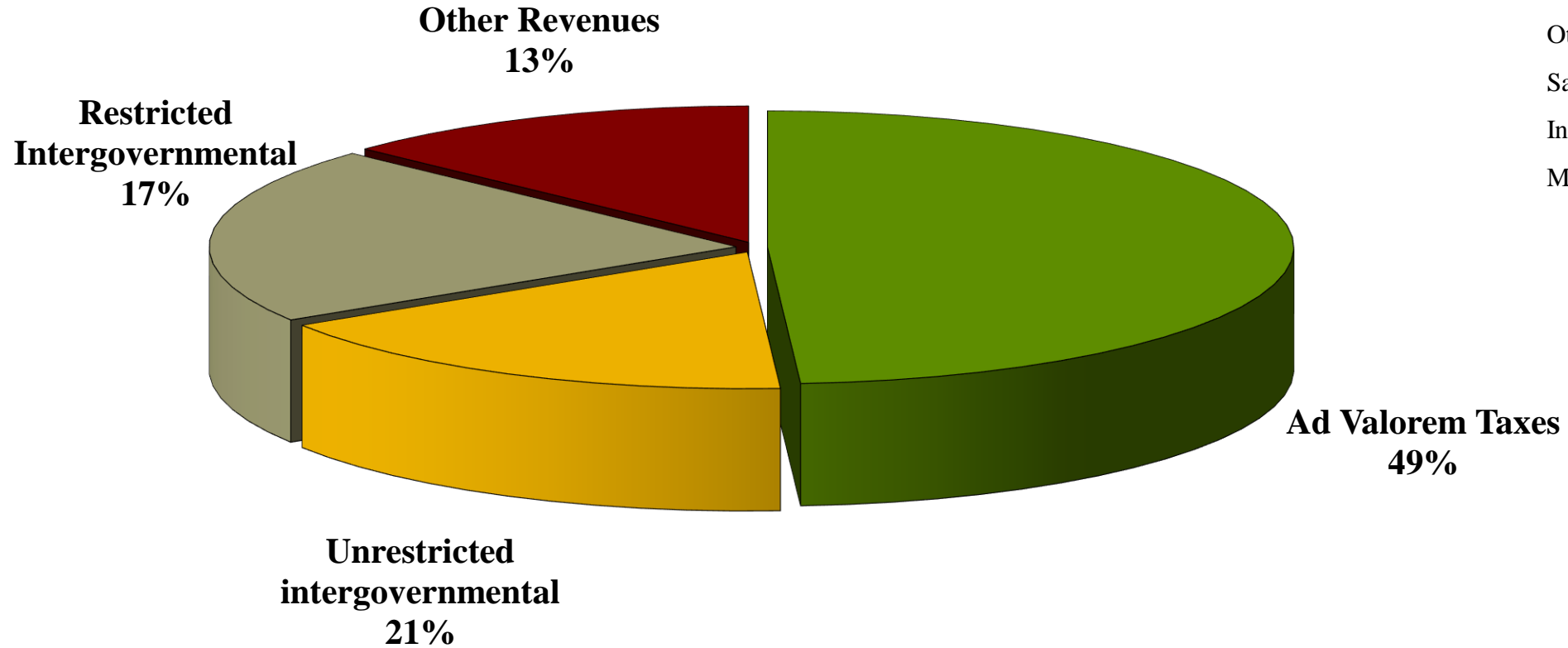
Total Fund Balance - 2024	\$ 23,939,894
Prepaid items	-
Leases	(103,532)
Stabilization by state statute	(1,795,865)
Available Fund Balance	<u>\$ 22,040,497</u>
Available Fund Balance - 2023	\$ 19,335,295
Increase in available FB	\$ 2,705,202



GENERAL FUND SUMMARY



TOP 3 REVENUES: GENERAL FUND

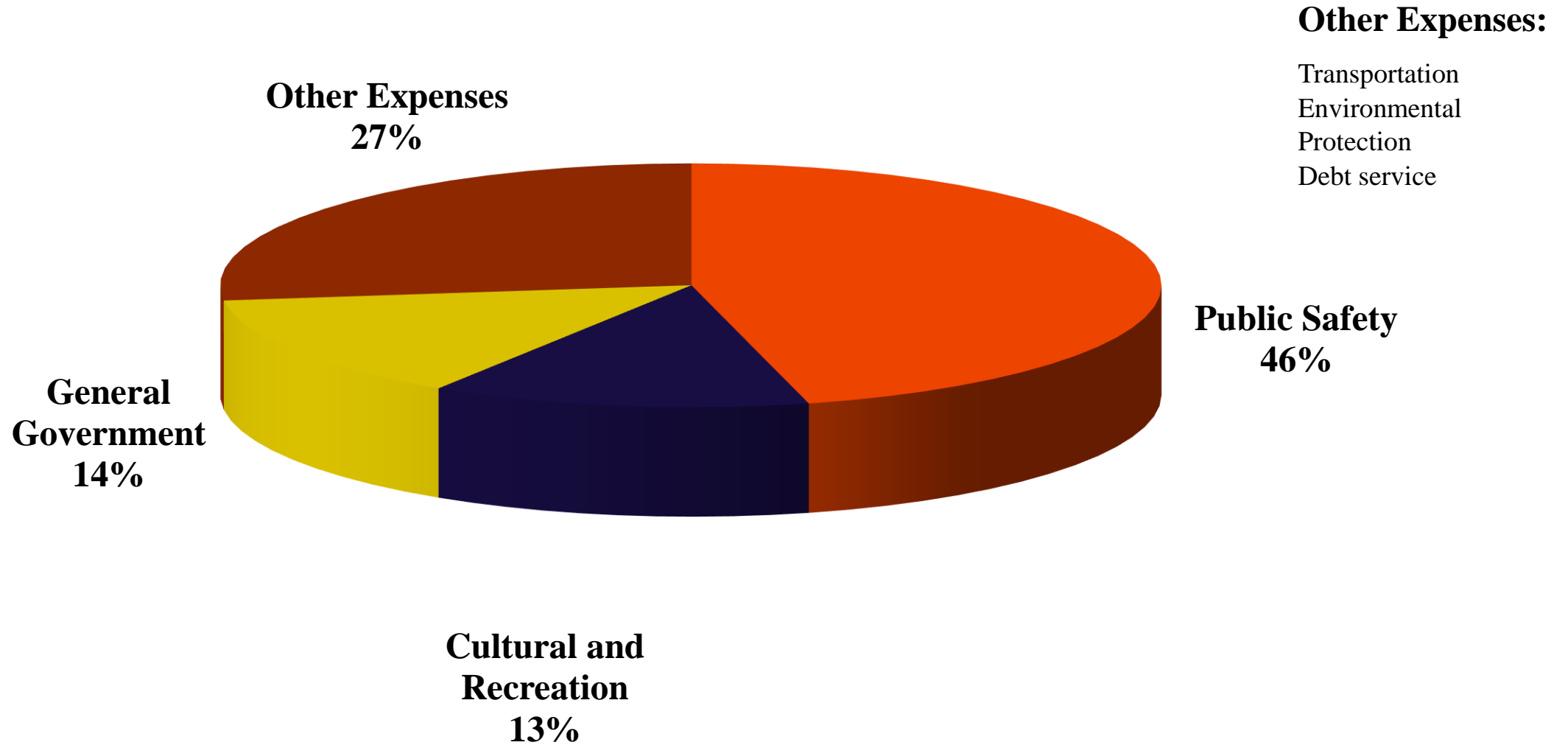


Other Revenues:

- Other Taxes & Licenses
- Sales and services
- Investment earnings
- Miscellaneous

Top 3 comprise \$ 18,955,158 (88%) of revenues

TOP 3 EXPENDITURES: GENERAL FUND



Top 3 comprise \$13,886,235 (73%) of expenditures

3-YEAR COMPARISON – GENERAL FUND

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Available Fund Balance	\$ 20,603,173	\$ 18,983,824	\$ 21,645,898
Total Exp+Transf out less proceeds	13,489,984	23,074,635	19,181,713
Avail FB/Total Exp+Transf out	152.73%	82.27%	112.85%
Increase (decrease) in FB	\$ 2,889,667	\$ (2,050,450)	\$ 3,055,989

ELECTRIC FUND

<u>Charges For Services</u>	<u>Unrestricted Net Position</u>	<u>Total Net Position</u>
\$ 12,786,402	\$ 4,338,025	\$ 26,365,815
<hr/> Comparison to June 30, 2023 <hr/>		
\$ 12,338,060	\$ 3,914,176	\$ 24,474,481

3-YEAR COMPARISON – ELECTRIC FUND

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Current Assets	\$ 5,994,016	\$ 5,467,454	\$ 5,893,847
Current Liabilities	1,106,466	1,327,555	1,325,303
Quick Ratio	5.42	4.12	4.45
Operating net income excluding depreciation + debt service	1,486,773	2,146,362	2,543,726
Unrestricted cash/total expenses less depreciation + debt service	38.45%	29.64%	31.63%

ILEC FUND

<u>Charges For Services</u>	<u>Unrestricted Net Position</u>	<u>Total Net Position</u>
\$ 1,090,046	\$ 1,948,794	\$ 5,094,652
<hr/> Comparison to June 30, 2023		
\$ 1,084,680	\$ 1,867,117	\$ 5,044,651

CLEC FUND

<u>Charges For Services</u>	<u>Unrestricted Net Position</u>	<u>Total Net Position</u>
\$ 1,300,936	\$ (695,037)	\$ 1,102,918

Comparison to June 30, 2023

\$ 1,220,168	\$ (646,470)	\$ 1,069,754
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PERFORMANCE INDICATORS

- No findings
- No general performance indicators of concern for FY 2024





Questions?



Beau Hildebrand



(828)327.2727



bhildebrand@msa.cpa



www.msa.cpa



**TOWN OF PINEVILLE
NORTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

MARTIN  STARNES

& ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

TOWN OF PINEVILLE, NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Item 1.

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Pineville, North Carolina

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pineville, 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 for the year then ended in accordance with accounting principle generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 a substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedule of Changes in Total OPEB Liability and Related Ratios, the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll, 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 have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2024, on our consideration of the Town of Pineville'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 Town'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 Town's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 18, 2024

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Management's Discussion and Analysis

As management of the Town of Pineville (the "Town"), we offer the readers of the Town of Pineville's financial statements this narrative overview and analysis of the financial activities of the Town of Pineville for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here, in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

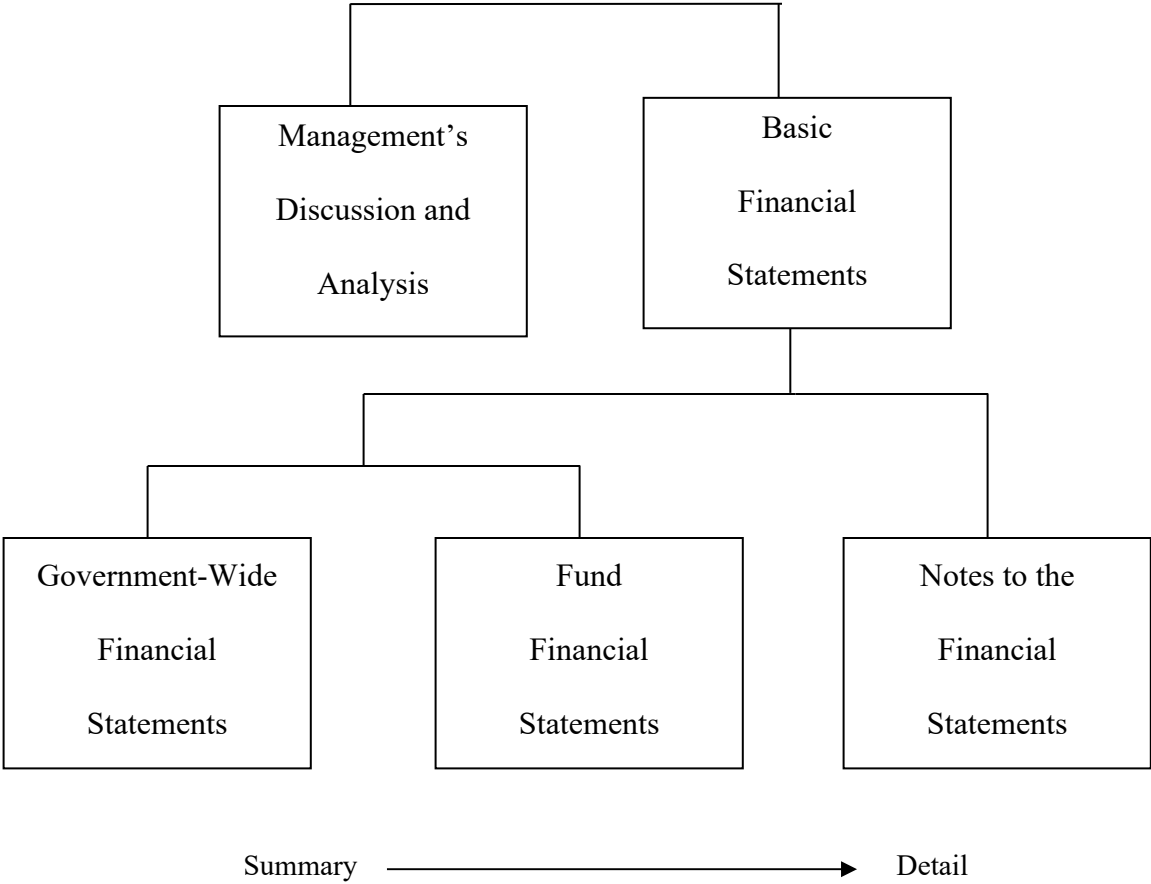
Financial Highlights

- The assets and deferred outflows of resources of the Town exceed its liabilities and deferred inflows of resources at the close of the fiscal year by \$97,072,539 (*net position*).
- The government's total net position increased by \$7,302,585, primarily due to the increase in capital assets across the government, and a positive revenue position in the General Fund.
- At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$26,593,265, a decrease of \$671,499 from the prior year. Approximately 15.27% of this total amount, or \$4,060,674, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,907,225, or 82.93%, of total General Fund expenditures and transfers out for the fiscal year.
- The Town's total debt decreased by \$1,500,000 to \$18,000,000 during the current fiscal year. The debt proceeds for the Town Hall/Library Building Capital Project Fund had its second principal payment of 15 due in Fiscal Year 2024. Unspent debt proceeds at the end of the fiscal year was \$14,082.

Overview of the Financial Statements

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

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-term and long-term information about the Town's financial status.

The next statements (Exhibits C through K) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statement, 2) the budgetary comparison statement, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

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

Following the notes is the **Required Supplementary Information**. This section contains funding information about the Town's pension plans.

Government-Wide Financial Statements

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

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

The government-wide statements are usually divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and federal and state grant funds finance most of these activities. The business-type activities are those that the Town charges customers for services provided. The Town of Pineville has two business-type activities: electric and telephone services. The final category is the component unit category, which is for activities that are legally separate from the Town. The Town of Pineville has no discretely presented component units and has one blended component unit, for which there is no financial transactions during the current fiscal year.

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

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

The Town of Pineville adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted.

The budgetary comparison statement 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 Funds. The Town of Pineville has one kind of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Pineville uses enterprise funds to account for its electric operations and for its telephone services. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town has one fiduciary fund, which is a custodial fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements directly follow the basic financial statements of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Pineville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found directly following the notes to the financial statements.

Interdependence with Other Entities

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

Government-Wide Financial Analysis

Town of Pineville's Net Position Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and other assets	\$ 38,126,706	\$ 41,117,026	\$ 8,148,181	\$ 7,684,006	\$ 46,274,887	\$ 48,801,032
Capital assets	62,235,602	57,535,932	26,971,603	25,454,063	89,207,205	82,989,995
Total assets	100,362,308	98,652,958	35,119,784	33,138,069	135,482,092	131,791,027
Deferred Outflows of Resources						
	3,810,254	3,921,791	449,821	450,523	4,260,075	4,372,314
Liabilities:						
Long-term liabilities outstanding	25,606,983	26,423,989	1,144,057	1,080,981	26,751,040	27,504,970
Other liabilities	4,916,599	7,068,800	1,515,390	1,505,151	6,431,989	8,573,951
Total liabilities	30,523,582	33,492,789	2,659,447	2,586,132	33,183,029	36,078,921
Deferred Inflows of Resources						
	9,139,826	9,900,892	346,773	413,574	9,486,599	10,314,466
Net Position:						
Net investment in capital assets	44,249,684	39,167,118	26,971,603	25,454,063	71,221,287	64,621,181
Restricted:						
Stabilization by state statute	1,795,865	1,518,736	-	-	1,795,865	1,518,736
Transportation - streets	394,599	351,471	-	-	394,599	351,471
General government	-	149,612	-	-	-	149,612
Public safety	1,752,596	1,747,147	-	-	1,752,596	1,747,147
Unrestricted	16,316,410	16,246,984	5,591,782	5,134,823	21,908,192	21,381,807
Total net position	\$ 64,509,154	\$ 59,181,068	\$ 32,563,385	\$ 30,588,886	\$ 97,072,539	\$ 89,769,954

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town exceeded liabilities and deferred inflows by \$97,072,539 as of June 30, 2024. The Town's net position increased by \$7,302,585 for the fiscal year ended June 30, 2024. However, the largest portion \$71,221,287 (73.37%) reflects the Town's net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town of Pineville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Pineville's net position, \$3,943,060, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$21,908,192 is unrestricted.

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

- Continued investment in capital assets to maintain or increase service levels in the community
- Market conditions allowed for significant interest earnings on idle cash
- Strong economic conditions in Mecklenburg County creates significant Tourism revenues

Town of Pineville's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 2,323,326	\$ 2,871,859	\$ 15,364,834	\$ 14,851,206	\$ 17,688,160	\$ 17,723,065
Operating grants and contributions	2,800,080	2,896,243	-	-	2,800,080	2,896,243
Capital grants	1,522,556	1,049,007	-	-	1,522,556	1,049,007
General revenues:						
Property taxes	10,586,466	9,142,262	-	-	10,586,466	9,142,262
Local option taxes	3,201,858	3,148,757	-	-	3,201,858	3,148,757
Other taxes	1,696,937	1,608,019	-	-	1,696,937	1,608,019
Investment earnings	1,165,587	961,546	407,533	333,143	1,573,120	1,294,689
Miscellaneous	12,631	110,387	47,477	64,572	60,108	174,959
Total revenues	23,309,441	21,788,080	15,819,844	15,248,921	39,129,285	37,037,001
Expenses:						
General government	2,961,453	2,602,199	-	-	2,961,453	2,602,199
Public safety	9,786,289	8,477,532	-	-	9,786,289	8,477,532
Transportation	1,423,503	1,904,534	-	-	1,423,503	1,904,534
Environmental protection	1,153,286	981,069	-	-	1,153,286	981,069
Cultural and recreation	2,369,326	1,658,725	-	-	2,369,326	1,658,725
Interest on long-term debt	330,286	355,371	-	-	330,286	355,371
ILEC telephone	-	-	1,148,553	1,078,149	1,148,553	1,078,149
CLEC telephone	-	-	1,341,308	1,403,294	1,341,308	1,403,294
Electric	-	-	11,312,696	11,145,428	11,312,696	11,145,428
Total expenses	18,024,143	15,979,430	13,802,557	13,626,871	31,826,700	29,606,301
Change in net position before transfers	5,285,298	5,808,650	2,017,287	1,622,050	7,302,585	7,430,700
Transfers	42,788	50,662	(42,788)	(50,662)	-	-
Change in net position	5,328,086	5,859,312	1,974,499	1,571,388	7,302,585	7,430,700
Net Position:						
Beginning of year - July 1	59,181,068	53,321,756	30,588,886	29,017,498	89,769,954	82,339,254
End of year - June 30	\$ 64,509,154	\$ 59,181,068	\$ 32,563,385	\$ 30,588,886	\$ 97,072,539	\$ 89,769,954

Governmental Activities. Governmental activities increased the Town's net position by \$5,328,086, thereby, accounting for 72.9% of the positive growth in the net position of the Town of Pineville. Key elements of this increase are as follows:

- Strong collection rates for real and personal property taxes and other local revenue sources
- Continued strengthening of internal financial processes and oversight
- Strategic planning and purchasing of capital items and improvements

Business-Type Activities. Business-type activities increased the Town of Pineville's net position by \$1,974,499 (27.1%). Key elements of this increase are as follows:

- Lower wholesale costs for the purchase of electricity
- Continued uptake of fiber service by citizens of Pineville
- Focusing on internet sales, while restructuring our marketing and sales approaches to remain competitive in the telecommunications industry

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Pineville. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$15,907,225, while total fund balance reached \$23,939,894. Unassigned fund balance represents 82.93% of the total General Fund expenditures and transfers out, while total fund balance represents 124.8% of the same amount. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. The Town currently has an available fund balance of \$22,040,497 and 114.9% of General Fund expenditures as adjusted for transfers out. The governing body of the Town of Pineville has adopted a fund balance policy that states all revenues in excess of expenditures realized at the end of any given fiscal year will be credited to unassigned fund balance/net position until a minimum goal of 40% for general fund, 25% for electric fund, and 25% for the telephone funds are realized. The Town will adjust this minimum as appropriate based upon recommendation from the Local Government Commission and the current final outlook. As a result, remaining fund balance in the General Fund at June 30, 2024 was \$14,409,812.

At June 30, 2024, the governmental funds of the Town reported a combined fund balance of \$26,593,265, a 2.46% decrease over last year.

The ARP Grant fund is presented as a major governmental fund at June 30, 2024. This federal grant has allowed the Town to pursue several progressive projects through the revenue replacement allowance. The Town spent \$116,218 on IT infrastructure, \$118,144 on sidewalks, and \$497,606 on recreation infrastructure. See more information on this in the notes to the financial statements.

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

Finance staff presented eleven budget amendments across all funds during the fiscal year. The purpose for each varied, but the largest amendments were to receive local grants, amend and close capital project funds, and the annual amendment to bring forward fund balance to cover open encumbrances.

Proprietary Funds. The Town’s proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the telephone funds (combined ILEC and CLEC) at the end of the fiscal year amounted to \$1,253,757, and that for the Electric Fund amounted to \$4,338,025. The changes in net position for the telephone funds and Electric Fund, respectively, was an increase of \$83,165 and \$1,891,334. Factors concerning the finances of these funds have already been addressed in the discussion of the Town of Pineville’s business-type activities.

Capital Asset and Debt Administration

Capital Assets. The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2024 totals \$89,207,205 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, infrastructure, and vehicles.

Major capital asset transactions during the year include the following:

- Major Construction in Progress Projects including a new Fire Station and greenways
- Several transportation projects including road resurfacing and sidewalk projects
- Electric and Telephone infrastructure for new residential and commercial developments
- Implementation of replacement plan of aging equipment and vehicles

**Town of Pineville’s Capital Assets
Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land and construction in progress	\$ 37,015,851	\$ 34,677,193	\$ 8,394,018	\$ 10,440,704	\$ 45,409,869	\$ 45,117,897
Buildings and system Improvements	10,564,459	10,877,091	509,930	540,321	11,074,389	11,417,412
other than buildings	7,055,313	4,388,596	-	-	7,055,313	4,388,596
Substations, lines, and related equipment	-	-	17,771,951	14,423,365	17,771,951	14,423,365
Machinery and equipment	1,123,528	746,281	-	-	1,123,528	746,281
Infrastructure	4,280,641	4,555,490	-	-	4,280,641	4,555,490
Vehicles and motorized equipment	2,195,810	2,291,281	295,704	49,673	2,491,514	2,340,954
Total	<u>\$ 62,235,602</u>	<u>\$ 57,535,932</u>	<u>\$ 26,971,603</u>	<u>\$ 25,454,063</u>	<u>\$ 89,207,205</u>	<u>\$ 82,989,995</u>

Additional information on the Town’s capital assets can be found in Note 2 of the notes to the financial statements.

Long-Term Debt. As of June 30, 2024, the Town had no bonded debt outstanding. None of the Town’s debt is secured solely by specified revenue sources (i.e., revenue bonds). The Town had installment obligations debt outstanding of \$18,000,000, which is secured with assets constructed with these funds. The Town had no business-type activities debt outstanding at the end of the fiscal year.

**Town of Pineville’s Outstanding Debt
Figure 5**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Installment purchases - direct placement	<u>\$ 18,000,000</u>	<u>\$ 19,500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,000,000</u>	<u>\$ 19,500,000</u>

The Town of Pineville’s total debt decreased during the current fiscal year due to the principal payment for the Town Hall / Library.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the Town of Pineville is approximately \$279,473,000. The Town has no bonds authorized, but unissued, at June 30, 2024.

Additional information regarding the Town’s long-term debt can be found in Note 2 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following key economic indicators reflect the growth of the Town:

- **Major Retail Center.** The Town of Pineville is a major retail hub with over six million square feet of retail space in its town limits, which equates to about 67% for the town’s real estate tax base. Retail sales traffic has remained strong due to strong economic conditions in the Charlotte Metro. The Town has seen positive movement in retail operations of all sizes in the community. The Downtown corridor has seen new tenants establishing roots in with promising early traffic.
- **Residential Growth.** The Town of Pineville is still seeing high interest in new housing and commercial developments. As the population grows in the County, people are seeing Pineville as a desirable place to live. More diversified available real estate softens the volatility of retail revenue swings in conjunction with economic swings. Two sizable residential developments on the western corridor of the Town have progressed significantly through the development process.

Budget Highlights for the Fiscal Year Ending June 30, 2025

The Town of Pineville’s Fiscal Year 2025 total budget is \$37,605,000 for the General Fund, Special Revenue Funds, and the two enterprise funds: electric and telephone. The fiscal year 2025 budget was prepared through a comprehensive review of each department’s expenditures and with consideration given to increases in CIP funding for several major projects that have begun, or due to monies are beginning to be set aside for their start. The town is still making these significant expenditures to realize projects identified in the Council’s five-year strategic plan.

The fiscal year 2025 budget includes funding for neighborhood stormwater improvements, debt service for the new town hall and joint library, investments in town mobility improvements, investments in electric distribution, and continued investment in fiber installation.

Requests for Information

This report is designed to provide an overview of the Town’s financial position at the end of its most recent fiscal year. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, currently Christopher Tucker, CLFGFO, at ctucker@pinevillenc.gov or 704-889-1722.

TOWN OF PINEVILLE, NORTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 25,452,125	\$ 4,874,818	\$ 30,326,943
Taxes receivable, net	69,719	-	69,719
Accounts receivable, net	-	2,117,354	2,117,354
Due from other governments	1,852,619	-	1,852,619
Prepays	-	465	465
Leases receivable	518,287	47,359	565,646
Inventories	-	762,403	762,403
Restricted assets:			
Cash and cash equivalents, restricted	3,047,407	293,844	3,341,251
Total current assets	30,940,157	8,096,243	39,036,400
Non-current assets:			
Leases receivable, non-current	7,186,549	51,938	7,238,487
Capital assets:			
Land and other non-depreciable capital assets	37,015,851	8,394,018	45,409,869
Depreciable capital assets, net	25,219,751	18,577,585	43,797,336
Total capital assets	62,235,602	26,971,603	89,207,205
Total non-current assets	69,422,151	27,023,541	96,445,692
Total assets	100,362,308	35,119,784	135,482,092
Deferred Outflows of Resources:			
Pension deferrals	3,232,680	367,711	3,600,391
OPEB deferrals	577,574	82,110	659,684
Total deferred outflows of resources	3,810,254	449,821	4,260,075
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	2,086,277	1,038,445	3,124,722
Unearned revenue - advanced billing	-	178,629	178,629
Advance from grantor	1,282,905	-	1,282,905
Current portion of compensated absences	47,417	4,472	51,889
Current portion of long-term liabilities	1,500,000	-	1,500,000
Payable from restricted assets	-	293,844	293,844
Total current liabilities	4,916,599	1,515,390	6,431,989

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

TOWN OF PINEVILLE, NORTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Long-term liabilities:			
Net pension liability - LGERS	4,404,598	561,525	4,966,123
Total pension liability - LEOSSA	2,007,177	-	2,007,177
Total OPEB liability	2,268,454	542,290	2,810,744
Due in more than one year	16,926,754	40,242	16,966,996
Total long-term liabilities	25,606,983	1,144,057	26,751,040
Total liabilities	30,523,582	2,659,447	33,183,029
Deferred Inflows of Resources:			
Pension deferrals	336,059	72,787	408,846
OPEB deferrals	1,202,463	178,109	1,380,572
Leases	7,601,304	95,877	7,697,181
Total deferred inflows of resources	9,139,826	346,773	9,486,599
Net Position:			
Net investment in capital assets	44,249,684	26,971,603	71,221,287
Restricted for:			
Stabilization by state statute	1,795,865	-	1,795,865
Transportation - streets	394,599	-	394,599
Public safety	1,752,596	-	1,752,596
Unrestricted	16,316,410	5,591,782	21,908,192
Total net position	\$ 64,509,154	\$ 32,563,385	\$ 97,072,539

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

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TOWN OF PINEVILLE, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 2,961,453	\$ 1,845,323	\$ 643,522	\$ 117,644
Public safety	9,786,289	181,641	888,524	256,862
Transportation	1,423,503	-	292,738	450,444
Environmental protection	1,153,286	-	438,679	-
Cultural and recreation	2,369,326	296,362	536,617	697,606
Interest on long-term debt	330,286	-	-	-
Total governmental activities	18,024,143	2,323,326	2,800,080	1,522,556
Business-Type Activities:				
Electric	11,312,696	12,973,852	-	-
Incumbent LEC telephone	1,148,553	1,090,046	-	-
Competing LEC telephone	1,341,308	1,300,936	-	-
Total business-type activities	13,802,557	15,364,834	-	-
Total primary government	\$ 31,826,700	\$ 17,688,160	\$ 2,800,080	\$ 1,522,556

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

TOWN OF PINEVILLE, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	\$ (354,964)	\$ -	\$ (354,964)
Public safety	(8,459,262)	-	(8,459,262)
Transportation	(680,321)	-	(680,321)
Environmental protection	(714,607)	-	(714,607)
Cultural and recreation	(838,741)	-	(838,741)
Interest on long-term debt	(330,286)	-	(330,286)
Total governmental activities	(11,378,181)	-	(11,378,181)
Business-Type Activities:			
Electric	-	1,661,156	1,661,156
Incumbent LEC telephone	-	(58,507)	(58,507)
Competing LEC telephone	-	(40,372)	(40,372)
Total business-type activities	-	1,562,277	1,562,277
Total primary government	(11,378,181)	1,562,277	(9,815,904)
General Revenues:			
Ad valorem taxes	10,586,466	-	10,586,466
Local option taxes	3,201,858	-	3,201,858
Utility franchise tax	1,235,216	-	1,235,216
Other taxes	461,721	-	461,721
Investment earnings	1,165,587	407,533	1,573,120
Miscellaneous	12,631	47,477	60,108
Total general revenues, not including transfers	16,663,479	455,010	17,118,489
Transfers	42,788	(42,788)	-
Total general revenues and transfers	16,706,267	412,222	17,118,489
Change in net position	5,328,086	1,974,499	7,302,585
Net Position:			
Beginning of year - July 1	59,181,068	30,588,886	89,769,954
End of year - June 30	\$ 64,509,154	\$ 32,563,385	\$ 97,072,539

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

TOWN OF PINEVILLE, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024**

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Fund	ARP Grant Fund	Town Hall/ Library Building Capital Project Fund	Other Governmental Funds	
Assets:					
Cash and cash equivalents	\$ 23,575,610	\$ -	\$ 522,396	\$ 1,354,119	\$ 25,452,125
Taxes receivable, net	69,719	-	-	-	69,719
Due from other governments	1,432,818	-	-	419,801	1,852,619
Due from other funds	593,047	-	-	-	593,047
Lease receivable	7,704,836	-	-	-	7,704,836
Restricted cash and cash equivalents	394,599	1,282,905	14,082	1,355,821	3,047,407
Total assets	<u>\$ 33,770,629</u>	<u>\$ 1,282,905</u>	<u>\$ 536,478</u>	<u>\$ 3,129,741</u>	<u>\$ 38,719,753</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued expenses	\$ 1,929,712	\$ -	\$ -	\$ -	\$ 1,929,712
Due to other funds	-	-	-	593,047	593,047
Advance from grantor	-	1,282,905	-	-	1,282,905
Total liabilities	<u>1,929,712</u>	<u>1,282,905</u>	<u>-</u>	<u>593,047</u>	<u>3,805,664</u>
Deferred Inflows of Resources:					
Unavailable revenue	230,000	-	-	419,801	649,801
Property taxes receivable	69,719	-	-	-	69,719
Leases	7,601,304	-	-	-	7,601,304
Total deferred inflows of resources	<u>7,901,023</u>	<u>-</u>	<u>-</u>	<u>419,801</u>	<u>8,320,824</u>
Fund Balances:					
Non-spendable					
Leases	103,532	-	-	-	103,532
Restricted					
Stabilization by state statute	1,795,865	-	-	-	1,795,865
Transportation - Streets - Powell Bill	394,599	-	-	-	394,599
General government	-	-	14,082	-	14,082
Public safety	-	-	-	1,752,596	1,752,596
Committed	5,053,673	-	522,396	957,344	6,533,413
Assigned	685,000	-	-	-	685,000
Unassigned	15,907,225	-	-	(593,047)	15,314,178
Total fund balances	<u>23,939,894</u>	<u>-</u>	<u>536,478</u>	<u>2,116,893</u>	<u>26,593,265</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,770,629</u>	<u>\$ 1,282,905</u>	<u>\$ 536,478</u>	<u>\$ 3,129,741</u>	<u>\$ 38,719,753</u>

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

TOWN OF PINEVILLE, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024**

	<u>Total Governmental Funds</u>
Amounts Reported for Governmental Activities in the Statement of Net Position (Exhibit A) are Different Because:	
Total fund balances	\$ 26,593,265
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	62,235,602
Deferred outflows of resources related to pensions are not reported in the funds.	3,232,680
Deferred outflows of resources related to OPEB are not reported in the funds.	577,574
Long-term liabilities, accrued interest, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds:	
Long-term debt	(18,474,171)
Net pension liability	(4,404,598)
Total pension liability	(2,007,177)
Total OPEB liability	(2,268,454)
Accrued interest	<u>(156,565)</u>
	(27,310,965)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be received within 60 days of year-end. These receivables are a component of net position in the Statement of Net Position.	719,520
Deferred inflows of resources related to pensions are not reported in the funds.	(336,059)
Deferred inflows of resources related to OPEB are not reported in the funds.	<u>(1,202,463)</u>
Net position of governmental activities per Exhibit A	<u><u>\$ 64,509,154</u></u>

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

TOWN OF PINEVILLE, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General Fund	ARP Grant Fund	Town Hall/ Library Building Capital Project Fund	Other Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 10,630,665	\$ -	\$ -	\$ -	\$ 10,630,665
Other taxes and licenses	249,780	-	-	-	249,780
Unrestricted intergovernmental	4,649,015	-	-	-	4,649,015
Restricted intergovernmental	3,675,478	731,468	-	456,862	4,863,808
Sales and service	1,116,061	-	-	-	1,116,061
Investment earnings	1,012,861	-	124,013	28,713	1,165,587
Miscellaneous	228,280	-	-	-	228,280
Total revenues	21,562,140	731,468	124,013	485,575	22,903,196
Expenditures:					
Current:					
General government	2,758,946	-	1,117,104	-	3,876,050
Public safety	8,726,953	-	-	1,141,664	9,868,617
Transportation	2,267,920	-	-	2,282,002	4,549,922
Environmental protection	1,080,162	-	-	-	1,080,162
Cultural and recreation	2,400,336	-	-	-	2,400,336
Debt service:					
Principal retirement	1,500,000	-	-	-	1,500,000
Interest and other charges	342,396	-	-	-	342,396
Total expenditures	19,076,713	-	1,117,104	3,423,666	23,617,483
Revenues over (under) expenditures	2,485,427	731,468	(993,091)	(2,938,091)	(714,287)
Other Financing Sources (Uses):					
Transfers to other funds	(105,000)	(731,468)	-	(398,912)	(1,235,380)
Transfers from other funds	632,774	-	-	602,606	1,235,380
Transfers from other funds - payment in lieu of taxes	42,788	-	-	-	42,788
Total other financing sources (uses)	570,562	(731,468)	-	203,694	42,788
Net change in fund balances	3,055,989	-	(993,091)	(2,734,397)	(671,499)
Fund Balances:					
Beginning of year - July 1	20,883,905	-	1,529,569	4,851,290	27,264,764
End of year - June 30	\$ 23,939,894	\$ -	\$ 536,478	\$ 2,116,893	\$ 26,593,265

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

TOWN OF PINEVILLE, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit D) \$ (671,499)

Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 60 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:

Property taxes	(44,199)	
Grants	450,444	406,245

Expenses related to compensated absences, other post-employment benefits, net pension obligation, and pension expense that do not require current financial resources and are not reported as expenditures in the governmental funds statement.

Compensated absences	(126,120)	
Pension expense - LGERS	(467,839)	
Pension expense - LEOSSA	(98,639)	
Other post-employment benefits	74,158	(618,440)

Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.

6,463,181

Accrued interest that does not require current financial resources and are not reported as expenditures in the governmental funds statement.

12,110

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.

(1,763,511)

Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.

1,500,000

Change in net position of governmental activities per Exhibit B

\$ 5,328,086

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

TOWN OF PINEVILLE, NORTH CAROLINA

**MAJOR GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/Under
	Original Budget	Final Budget		
Revenues:				
Ad valorem taxes	\$ 10,892,000	\$ 10,492,000	\$ 10,630,665	\$ 138,665
Other taxes and licenses	-	-	249,780	249,780
Unrestricted intergovernmental	4,071,000	4,071,000	4,649,015	578,015
Restricted intergovernmental	2,110,000	2,110,000	3,675,478	1,565,478
Sales and services	-	-	1,116,061	1,116,061
Investment earnings	100,000	500,000	1,012,861	512,861
Miscellaneous	2,029,000	2,379,000	228,280	(2,150,720)
Total revenues	19,202,000	19,552,000	21,562,140	2,010,140
Expenditures:				
Current:				
General government	2,800,974	3,524,834	2,758,946	765,888
Public safety	9,518,307	9,777,807	8,726,953	1,050,854
Transportation	1,752,080	2,457,080	2,267,920	189,160
Environmental protection	1,036,752	1,126,752	1,080,162	46,590
Cultural and recreation	2,091,852	2,556,352	2,400,336	156,016
Debt service:				
Principal retirement	1,500,000	1,500,000	1,500,000	-
Interest and other charges	342,035	342,535	342,396	139
Contingency	200,000	155,640	-	155,640
Total expenditures	19,242,000	21,441,000	19,076,713	2,364,287
Revenues over (under) expenditures	(40,000)	(1,889,000)	2,485,427	4,374,427
Other Financing Sources (Uses):				
Transfers to other funds	-	(105,000)	(105,000)	-
Transfers from other funds	-	440,000	632,774	192,774
Transfers from other funds - payment in lieu of taxes	40,000	40,000	42,788	2,788
Appropriated fund balance	-	1,514,000	-	(1,514,000)
Total other financing sources (uses)	40,000	1,889,000	570,562	(1,318,438)
Net change in fund balance	\$ -	\$ -	3,055,989	\$ 3,055,989
Fund Balance:				
Beginning of year - July 1			20,883,905	
End of year - June 30			\$ 23,939,894	

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

TOWN OF PINEVILLE, NORTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024**

	Major Funds			Total
	Electric Fund	ILEC Telephone Fund	CLEC Telephone Fund	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 3,299,208	\$ 1,575,610	\$ -	\$ 4,874,818
Accounts receivable, net	1,904,871	101,715	110,768	2,117,354
Prepays	-	-	465	465
Due from other funds	-	1,056,169	-	1,056,169
Leases receivable	-	47,359	-	47,359
Inventories	396,093	-	366,310	762,403
Cash and cash equivalents, restricted	293,675	169	-	293,844
Total current assets	5,893,847	2,781,022	477,543	9,152,412
Non-current assets:				
Leases receivable, non-current	-	51,938	-	51,938
Capital assets:				
Land	3,663,392	47,777	-	3,711,169
Construction in progress	4,634,680	-	48,169	4,682,849
Depreciable capital assets, net	13,729,718	3,098,081	1,749,786	18,577,585
Capital assets, net	22,027,790	3,145,858	1,797,955	26,971,603
Total non-current assets	22,027,790	3,197,796	1,797,955	27,023,541
Total assets	27,921,637	5,978,818	2,275,498	36,175,953
Deferred Outflows of Resources:				
Pension deferrals	52,051	315,660	-	367,711
OPEB deferrals	6,277	75,833	-	82,110
Total deferred outflows of resources	58,328	391,493	-	449,821
Liabilities:				
Current liabilities:				
Accounts payable and accrued expenses	1,031,459	6,986	-	1,038,445
Due to other funds	-	-	1,056,169	1,056,169
Unearned revenue - advanced billing	-	62,218	116,411	178,629
Compensated absences, current	169	4,303	-	4,472
Customer deposits	293,675	169	-	293,844
Total current liabilities	1,325,303	73,676	1,172,580	2,571,559

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

TOWN OF PINEVILLE, NORTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024**

	Major Funds			Total
	Electric Fund	ILEC Telephone Fund	CLEC Telephone Fund	
Non-current liabilities:				
Net pension liability	48,044	513,481	-	561,525
OPEB liability	139,397	402,893	-	542,290
Compensated absences	1,516	38,726	-	40,242
Total non-current liabilities	188,957	955,100	-	1,144,057
 Total liabilities	 1,514,260	 1,028,776	 1,172,580	 3,715,616
 Deferred Inflows of Resources:				
Pension deferrals	40,405	32,382	-	72,787
OPEB deferrals	59,485	118,624	-	178,109
Leases	-	95,877	-	95,877
Total deferred inflows of resources	99,890	246,883	-	346,773
 Net Position:				
Net investment in capital assets	22,027,790	3,145,858	1,797,955	26,971,603
Unrestricted	4,338,025	1,948,794	(695,037)	5,591,782
Total net position	\$ 26,365,815	\$ 5,094,652	\$ 1,102,918	\$ 32,563,385

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

TOWN OF PINEVILLE, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Major Funds			Total
	Electric Fund	ILEC Telephone Fund	CLEC Telephone Fund	
Operating Revenues:				
Charges for services	\$ 12,786,402	\$ 1,090,046	\$ 1,300,936	\$ 15,177,384
Other operating revenues	187,450	-	-	187,450
Total operating revenues	<u>12,973,852</u>	<u>1,090,046</u>	<u>1,300,936</u>	<u>15,364,834</u>
Operating Expenses:				
Administration	545,326	225,191	143,640	914,157
General operations	1,671,725	722,581	849,614	3,243,920
Electric power purchases	8,213,075	-	-	8,213,075
Telephone access and service charges	-	29,597	188,175	217,772
Depreciation	882,570	171,184	159,879	1,213,633
Total operating expenses	<u>11,312,696</u>	<u>1,148,553</u>	<u>1,341,308</u>	<u>13,802,557</u>
Operating income (loss)	<u>1,661,156</u>	<u>(58,507)</u>	<u>(40,372)</u>	<u>1,562,277</u>
Non-Operating Revenues (Expenses):				
Investment earnings	259,204	144,951	3,378	407,533
Lease revenue	-	47,477	-	47,477
Total non-operating revenues (expenses)	<u>259,204</u>	<u>192,428</u>	<u>3,378</u>	<u>455,010</u>
Income (loss) before transfers	<u>1,920,360</u>	<u>133,921</u>	<u>(36,994)</u>	<u>2,017,287</u>
Transfers out	-	(75,000)	-	(75,000)
Transfer to General Fund - payment in lieu of taxes	(29,026)	(8,920)	(4,842)	(42,788)
Transfers in	-	-	75,000	75,000
Total transfers	<u>(29,026)</u>	<u>(83,920)</u>	<u>70,158</u>	<u>(42,788)</u>
Change in net position	1,891,334	50,001	33,164	1,974,499
Net Position:				
Beginning of year - July 1	<u>24,474,481</u>	<u>5,044,651</u>	<u>1,069,754</u>	<u>30,588,886</u>
End of year - June 30	<u>\$ 26,365,815</u>	<u>\$ 5,094,652</u>	<u>\$ 1,102,918</u>	<u>\$ 32,563,385</u>

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

TOWN OF PINEVILLE, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2024**

	Major Funds			Total
	Electric Fund	ILEC Telephone Fund	CLEC Telephone Fund	
Cash Flows from Operating Activities:				
Cash received from customers	\$ 12,709,519	\$ 1,101,482	\$ 1,296,121	\$ 15,107,122
Cash paid for goods and services	(10,099,873)	(74,547)	(1,166,196)	(11,340,616)
Cash paid to or on behalf of employees for services	(320,323)	(861,541)	-	(1,181,864)
Net cash provided (used) by operating activities	2,289,323	165,394	129,925	2,584,642
Cash Flows from Non-Capital Financing Activities:				
Due to (from) other funds	-	(38,089)	38,089	-
Transfers to other funds	(29,026)	(83,920)	(4,842)	(117,788)
Transfers from other funds	-	-	75,000	75,000
Net cash provided (used) by non-capital financing activities	(29,026)	(122,009)	108,247	(42,788)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(2,350,055)	(139,508)	(241,610)	(2,731,173)
Lease payments received	61,530	46,805	-	108,335
Net cash provided (used) by capital and related financing activities	(2,288,525)	(92,703)	(241,610)	(2,622,838)
Cash Flows from Investing Activities:				
Investment earnings	259,204	144,951	3,378	407,533
Net increase (decrease) in cash and cash equivalents	230,976	95,633	(60)	326,549
Cash and Cash Equivalents:				
Beginning of year - July 1	3,361,907	1,480,146	60	4,842,113
End of year - June 30	\$ 3,592,883	\$ 1,575,779	\$ -	\$ 5,168,662
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 1,661,156	\$ (58,507)	\$ (40,372)	\$ 1,562,277
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	882,570	171,184	159,879	1,213,633
Changes in assets, deferred outflows of resources, and liabilities:				
(Increase) decrease in accounts receivable	(278,308)	5,514	251	(272,543)
(Increase) decrease in prepaids	-	-	(87)	(87)
(Increase) decrease in inventory	21,361	-	10,314	31,675
(Increase) decrease in deferred outflows of resources for pensions	(845)	(7,604)	-	(8,449)
(Increase) decrease in deferred outflows of resources for OPEB	1,051	8,100	-	9,151
Increase (decrease) in deferred inflows of resources for pensions	644	5,801	-	6,445
Increase (decrease) in deferred inflows of resources for OPEB	(2,572)	(23,197)	-	(25,769)
Increase (decrease) in pension liability	5,399	48,587	-	53,986
Increase (decrease) in OPEB liability	724	6,528	-	7,252
Increase (decrease) in accounts payable and accrued liabilities	(15,832)	8,922	-	(6,910)
Increase (decrease) in customer deposits	13,975	66	(60)	13,981
Net cash provided (used) by operating activities	\$ 2,289,323	\$ 165,394	\$ 129,925	\$ 2,584,642

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

TOWN OF PINEVILLE, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2024**

	<u>Custodial Fund - Fireman's Relief Fund</u>
Assets:	
Cash and cash equivalents	\$ <u>189,145</u>
Net Position:	
Restricted for:	
Individuals, organizations, and other governments	\$ <u>189,145</u>

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

TOWN OF PINEVILLE, NORTH CAROLINA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Custodial Fund - Fireman's Relief Fund</u>
Additions:	
Investment earnings	\$ <u>9,633</u>
Net increase (decrease) in fiduciary net position	9,633
Net Position:	
Beginning of year - July 1	<u>179,512</u>
End of year - June 30	<u>\$ 189,145</u>

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

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town of Pineville (the "Town") is a municipal corporation that is governed by an elected Mayor and a four-member Town Council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable.

Blended Component Unit

The Town has one blended component unit, Pineville Redevelopment and Investment, Inc, which was created during fiscal year 2019. Pineville Redevelopment and Investment, Inc. was formed for the purpose of the redevelopment for the Cone Mill property. The Cone Mill property deed has been transferred from the Town to the component unit. The Town maintains sole control over the operations of Pineville Redevelopment and Investment, Inc. and activities are included in the financial statements of the Town as a blended component unit.

B. Basis of Presentation

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

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

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

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state grants, and various other taxes and licenses. The primary expenditures are for public safety and fire, general government, street maintenance and construction, and environmental protection.

ARP Grant Fund. This fund accounts for the federal American Rescue Plan grant funds that are restricted for use for a particular purpose and is used to track the activities of that grant.

Town Hall/Library Building Capital Project Fund. This fund is used to account for the construction of a new town hall and library building.

The Town reports the following nonmajor governmental funds:

Emergency Telephone System Special Revenue Fund. This fund is used to account for 911 revenues received by the State 911 Board to enhance the state's 911 system.

Asset Forfeiture Special Revenue Fund. This fund is used to account for asset forfeiture proceeds received by the DOJ and Treasury to be used towards certain police enforcement activities.

Johnston Drive Realignment Capital Project Fund. This fund is used to account for capital related activities for road construction and improvements.

Lynwood/Lakeview Road Improvements Capital Project Fund. This fund is used to account for road construction and improvements on Lynnwood Lane and Lakeview Drive.

McCullough Greenway Capital Project Fund. This fund is used to account for the construction of a greenway.

Fire Building Construction Capital Project Fund. This fund is used to account for the purchase of land and construction of a new fire building.

The Town reports the following major enterprise funds:

Electric Fund. This fund is used to account for the Town's Electric Fund operations.

ILEC Telephone Fund. This fund is used to account for the Town's Incumbent Local Exchange Carrier Telephone Fund operations.

CLEC Telephone Fund. This fund is used to account for the Town's Competing Local Exchange Carrier Telephone Fund operations.

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The Town reports the following fund types:

Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. Custodial funds are used to account for assets the Town holds on behalf of others that meet certain criteria. The Town maintains the following Custodial Fund: the Firemen's Relief Fund, which is used to financially assist firefighters per the requirements approved under N.C. General Statute 58-84-35.

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. 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.

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

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The Town considers all revenues available if they are collected within sixty (60) days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the state of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates, are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the state at year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Pineville because the tax is levied by Mecklenburg County and then remitted to and distributed by the state. Most intergovernmental revenues and sales and services are not susceptible to accrual, because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General Fund, Emergency Telephone System Fund Special Revenue Fund, Electric Rate Stabilization Fund, and enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all the capital project funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the annually budgeted funds of the General Fund and Special Revenue Fund. Expenditures may not legally exceed appropriations at the fund level for all annually budgeted funds of the enterprise funds and may not legally exceed appropriations at the object level for all multi-year funds. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

Deposits and Investments

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

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

State law [G. S. 159-3(c)] authorizes the Town 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 Town's investments are generally reported at fair value. The NCCMT Government Portfolio, an SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

Restricted Assets

The unexpended debt proceeds of the Town Hall/Library Building Capital Project Fund issued by the Town are classified as restricted assets because its use is completely restricted to the purpose for which the debt was originally issued. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4. Unspent grant proceeds in the ARP Grant Fund are restricted by revenue source for which the funds were received. Public safety forfeiture funds are classified as restricted because the funds are restricted by its source for public safety purposes.

Governmental Activities:

General Fund:	
Streets - Powell Bill	\$ 394,599
ARP Grant Fund:	
Unspent grant proceeds	1,282,905
Asset Forfeiture Fund:	
Public safety forfeiture funds	1,355,821
Town Hall/Library Bldg CP Fund:	
Unspent debt proceeds	14,082
	3,047,407

Business-Type Activities:

Electric Fund:	
Customer deposits	293,675
ILEC Telephone Fund:	
Customer deposits	169
	293,844

Total restricted cash	\$ 3,341,251
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TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2023.

Allowances for Doubtful Accounts

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

Lease Receivable

The Town's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Town may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Inventory and Prepaid Items

The inventories of the Town's enterprise funds are valued at cost (first-in, first-out, and average), which approximates market. The inventories consist of materials and supplies, held for consumption, and are expensed when consumed rather than when purchased.

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

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows for the governmental funds and Electric Fund: land, buildings improvements, substations, lines, and other plant and distribution systems, \$10,000; infrastructure, \$20,000; furniture, and equipment and vehicles, \$5,000. Some items in the Telephone Fund have a minimum capitalization cost of \$2,000 due to FCC Rules. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost.

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

<u>Asset</u>	<u>Years</u>
Infrastructure	25-50
Buildings	50
Improvements	10-25
Vehicles	6-10
Furniture and equipment	3-10
Computer equipment	3-7

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion: pension and other post-employment benefit deferrals. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The Town has three items that meet the criteria for this category – pension deferrals, other post-employment benefit deferrals, and leases.

Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Compensated Absences

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

The Town'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 Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

Restricted for General Government – portion of fund balance restricted by revenue source for general government related activities to build the Town Hall and Library buildings.

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities such as Asset Forfeiture Fund balance \$1,355,821 and E-911 fund balance \$396,775.

Restricted net position on Exhibit A differs from restricted fund balances on Exhibit C by the unspent debt proceeds of \$14,082.

Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The Town Council is the highest level of decision-making authority for the government that can, by majority vote by quorum, commit fund balance. Once voted, the commitment is in place until a similar action is taken. Any changes or removal of specific purpose commitments requires a majority vote by quorum by the Town Council.

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Committed for General Government – portion of fund balances in Town Hall/Library Building Capital Project Fund of \$522,396 committed for general government purposes. The Town has projects going for the construction and improvements of buildings within Town limits.

Committed for Transportation – portion of fund balance committed by the Town for greenway improvements of \$305,000 in the McCullough Greenway Capital Project Fund and \$652,344 for Johnston Drive Realignment Capital Project Fund.

Committed for Environmental Protection – portion of fund balance committed for stormwater activities in the General Fund \$2,349,258.

Committed for Cultural and Recreational – portion of funds received from Tourism committed for cultural and recreational purposes in the General Fund \$2,704,415.

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that the Town intends to use for specific purposes budgeted by the governing body.

Subsequent Year's Expenditures – portion of fund balance, \$685,000, that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund. Only the General Fund may report a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in the governmental funds, other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned balance in that fund.

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following order: bond/debt proceeds, federal funds, state funds, local non-Town funds, and Town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Director has the authority to deviate from this policy if it is in the best interest of the Town or when required by grant or other contractual agreements.

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The Town adopted a minimum fund balance policy on July 8, 2014 to protect the future of the Town’s reserve funds, made up of the General Fund and the two enterprise funds. The policy states that the Town will maintain fund balance and net position in reserves as follows: at least 40% of General Fund expenditures of the current year and at least 25% in both the telephone and electric funds of expenditures in the current year. The Town is hopeful that doing this will ensure enough funds were available for emergencies or special projects and prevent future boards from weakening the financial stability of the Town. No board can take action to reduce the reserves without first voting to void this policy.

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	\$ 23,939,894
Less:	
Leases	103,532
Stabilization by state statute	<u>1,795,865</u>
Available fund balance	22,040,497
Less: Town's fund balance policy	<u>7,630,685</u>
Total remaining fund balance	<u>\$ 14,409,812</u>

F. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and additions to/deductions from LGERS’ fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Pineville’s employer contributions are recognized when due and the Town of Pineville 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.

G. Revenues, Expenditures, and Expenses

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

2. Detail Notes On All Funds

A. Assets

Deposits

All deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and the risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no 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 Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that depositories are properly secured.

At June 30, 2024, the Town's deposits had a carrying amount of \$6,940,871 and a bank balance of \$7,132,135. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$6,882,135 was covered by collateral held under the Pooling Method. At June 30, 2024, the Town's petty cash totaled \$1,550.

Investments

At June 30, 2024, the Town's investment balances were as follows:

<u>Investment by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2024</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 26,914,918	N/A	AAAm

Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

Level of Fair Value Hierarchy: Level 1: debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

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

Credit Risk. the Town has no formal policy regarding credit risk but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investor Service as of June 30, 2024.

Receivables – Allowances for Doubtful Accounts

The amounts presented in the Statement of Net Position and Balance Sheet for the year ended June 30, 2024 are net of the following allowances for doubtful accounts:

Governmental Activities:	
Taxes receivable	\$ <u>105,074</u>
 Business-Type Activities:	
Electric	\$ 51,440
ILEC	2,618
CLEC	4,327
Total	\$ <u>58,385</u>

Due from Other Governments

Due from other governments that is owed to the Town consists of the following:

General Fund:	
Local option sales taxes	\$ 553,409
Sales taxes receivable	234,651
Utilities franchise tax	306,200
Room & vehicle rental tax	59,341
DMV MV taxes receivable	31,284
Others	667,734
Total due from other governments	\$ <u>1,852,619</u>

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Leases Receivable

General Fund:

On 10/01/2022, the Town entered into a 180-month lease as lessor for the use of Library at the Town Hall. An initial lease receivable was recorded in the amount of \$8,602,940. As of 06/30/2024, the value of the lease receivable is \$7,704,836. The lessee is required to make monthly fixed payments of \$53,957. The lease has an interest rate of 1.7300%. The building's estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2024 was \$7,601,304, and the Town recognized lease revenue of \$572,363 during the fiscal year.

Year Ending June 30	Governmental Activities	
	Principal	Interest
2025	\$ 518,287	\$ 129,197
2026	527,325	120,159
2027	536,520	110,964
2028	545,876	101,608
2029	555,395	92,089
2030-2034	2,925,670	311,750
2035-2038	2,095,763	62,518
Total	<u>\$ 7,704,836</u>	<u>\$ 928,285</u>

ILEC Fund:

On 07/01/2021, the Town entered into a 60-month lease as lessor for the use of 12109 Lancaster Highway. An initial lease receivable was recorded in the amount of \$238,308. As of 06/30/2024, the value of the lease receivable is \$99,297. The lessee is required to make monthly fixed payments of \$4,023. The lease has an interest rate of 1.1770%. The land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2024 was \$95,877, and the Town recognized lease revenue of \$47,477 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

Year Ending June 30	Business-Type Activities	
	ILEC Fund	
	Principal	Interest
2025	\$ 47,359	\$ 914
2026	47,919	353
2027	4,019	4
Total	<u>\$ 99,297</u>	<u>\$ 1,271</u>

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Capital Assets

Governmental Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2024 was as follows:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2024</u>
Non-Depreciable Assets:					
Land	\$ 7,772,116	\$ 7,500	\$ -	\$ -	\$ 7,779,616
Construction in progress	<u>26,905,077</u>	<u>4,892,719</u>	<u>-</u>	<u>(2,561,561)</u>	<u>29,236,235</u>
Total non-depreciable assets	<u>34,677,193</u>	<u>4,900,219</u>	<u>-</u>	<u>(2,561,561)</u>	<u>37,015,851</u>
Depreciable Assets:					
Buildings	15,552,028	-	-	-	15,552,028
Other improvements	7,679,011	573,964	-	2,561,561	10,814,536
Equipment	5,801,765	666,003	675,600	-	5,792,168
Vehicles and motor equipment	6,220,980	322,995	131,546	-	6,412,429
Infrastructure	<u>9,059,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,059,903</u>
Total depreciable assets	<u>44,313,687</u>	<u>1,562,962</u>	<u>807,146</u>	<u>2,561,561</u>	<u>47,631,064</u>
Less Accumulated Depreciation:					
Buildings	4,674,937	312,632	-	-	4,987,569
Other improvements	3,290,415	468,808	-	-	3,759,223
Equipment	5,055,484	288,756	675,600	-	4,668,640
Vehicles and motor equipment	3,929,699	418,466	131,546	-	4,216,619
Infrastructure	<u>4,504,413</u>	<u>274,849</u>	<u>-</u>	<u>-</u>	<u>4,779,262</u>
Total accumulated depreciation	<u>21,454,948</u>	<u>1,763,511</u>	<u>807,146</u>	<u>-</u>	<u>22,411,313</u>
Total depreciable capital assets, net	<u>22,858,739</u>				<u>25,219,751</u>
Governmental capital assets, net	<u>\$ 57,535,932</u>				<u>\$ 62,235,602</u>

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

Governmental Activities:

General government	\$ 267,975
Public safety	635,615
Environmental protection	61,653
Transportation	353,984
Cultural and recreation	444,284
Total	\$ 1,763,511

Proprietary Capital Assets

The capital assets of the proprietary funds at June 30, 2024 are as follows:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2024</u>
Electric:					
Non-Depreciable Assets:					
Land	\$ 3,663,392	\$ -	\$ -	\$ -	\$ 3,663,392
Construction in progress	6,712,192	378,008	-	(2,455,520)	4,634,680
Total non-depreciable assets	10,375,584	378,008	-	(2,455,520)	8,298,072
Depreciable Assets:					
Substations, lines, and related equipment	21,168,217	1,683,102	104,935	2,455,520	25,201,904
Buildings	690,982	-	-	-	690,982
Vehicles	645,791	288,945	55,698	-	879,038
Total depreciable capital assets	22,504,990	1,972,047	160,633	2,455,520	26,771,924
Less Accumulated Depreciation:					
Substations, lines, and related equipment	11,412,428	822,332	104,935	-	12,129,825
Buildings	311,723	17,324	-	-	329,047
Vehicles	596,118	42,914	55,698	-	583,334
Total accumulated depreciation	12,320,269	882,570	160,633	-	13,042,206
Total depreciable capital assets, net	10,184,721				13,729,718
Capital assets, net	20,560,305				22,027,790

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2024</u>
ILEC Telephone Fund:					
Non-Depreciable Assets:					
Land	47,777	-	-	-	47,777
Construction in progress	-	233,645	-	(233,645)	-
Total non-depreciable assets	<u>47,777</u>	<u>233,645</u>	<u>-</u>	<u>(233,645)</u>	<u>47,777</u>
Depreciable Assets:					
Plant and distribution systems	7,112,089	-	94,137	233,645	7,251,597
Buildings	544,437	-	-	-	544,437
Furniture and maintenance equipment	196,856	-	-	-	196,856
Vehicles and other work equipment	401,674	-	-	-	401,674
Total depreciable capital assets	<u>8,255,056</u>	<u>-</u>	<u>94,137</u>	<u>233,645</u>	<u>8,394,564</u>
Less Accumulated Depreciation:					
Plant and distribution systems	4,143,394	158,117	-	-	4,301,511
Buildings	383,375	13,067	-	-	396,442
Furniture and maintenance equipment	196,856	-	-	-	196,856
Vehicles and other work equipment	401,674	-	-	-	401,674
Total accumulated depreciation	<u>5,125,299</u>	<u>171,184</u>	<u>-</u>	<u>-</u>	<u>5,296,483</u>
Total depreciable capital assets, net	<u>3,129,757</u>				<u>3,098,081</u>
Capital assets, net	<u>3,177,534</u>				<u>3,145,858</u>
	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2024</u>
CLEC Telephone Fund:					
Non-Depreciable Assets:					
Construction in progress	17,343	143,933	-	(113,107)	48,169
Depreciable Assets:					
Plant and distribution systems	5,765,848	97,677	-	113,107	5,976,632
Less Accumulated Depreciation:					
Plant and distribution systems	4,066,967	159,879	-	-	4,226,846
Total depreciable capital assets, net	<u>1,698,881</u>				<u>1,749,786</u>
Capital assets, net	<u>1,716,224</u>				<u>1,797,955</u>
Total business-type activities capital assets, net	<u>\$ 25,454,063</u>				<u>\$ 26,971,603</u>

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2024 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 62,235,602	\$ 26,971,603
Long-term debt	(18,000,000)	-
Less:		
Unexpended proceeds	14,082	-
Net investment in capital assets	\$ 44,249,684	\$ 26,971,603

Construction Commitments

The Town has active construction projects as of June 30, 2024. At year end, the Town's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Fire Building Construction CPF	\$ 1,593,047	\$ 15,406,953
Johnson Drive Realignment	1,839,656	1,827,344
Total	\$ 3,432,703	\$ 17,234,297

B. Liabilities

Local Governmental Employee's Retirement System

Plan Description. The Town is a participating employer in the state-wide 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 government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the state of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Pineville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Pineville's contractually required contribution rate for the year ended June 30, 2024, was 14.10% of compensation for law enforcement officers and 12.85% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Pineville were \$891,066 for the year ended June 30, 2024.

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

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

At June 30, 2024, the Town reported a liability of \$4,966,123 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 Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024, the Town's proportion was 0.07498% (measured as of June 30, 2023), which was a decrease of 0.00348% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$1,410,885. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 553,373	\$ 11,913
Changes of assumptions	211,032	-
Net difference between projected and actual earnings on pension plan investments	1,329,152	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	87,180	102,069
Town contributions subsequent to the measurement date	891,066	-
Total	\$ 3,071,803	\$ 113,982

\$891,066 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2025	\$ 764,296
2026	387,757
2027	858,498
2028	56,204
Total	\$ 2,066,755

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Actuarial Assumptions. 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 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 and methods used in the December 31, 2022, actuarial valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income returns 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, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic Fixed Income	7.0%	5.0%
Inflation sensitive	<u>6.0%</u>	2.7%
Total	<u>100%</u>	

TOWN OF PINEVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 benefits payments to determine the total pension liability.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	<u>\$ 8,603,613</u>	<u>\$ 4,966,123</u>	<u>\$ 1,971,400</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the state of North Carolina.

Law Enforcement Officers’ Special Separation Allowance

Plan Description. The Town administers a public employee retirement system (the “Separation Allowance”), a single-employer, defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of

TOWN OF PINEVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2022, the valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Active plan members	<u>36</u>
Total	<u><u>41</u></u>

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

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

Inflation	2.50 percent per annum
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor per annum
Discount rate	4.00 percent per annum, compounded annually

The discount rate used to measure the TPL is the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of an experience study completed by the actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 21, 2019.

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by one year.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back three years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward three years. Rates for female members are Set Forward one year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior To Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operation budget. There were no contributions made by the employees. The Town's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$109,838 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 Town reported a total pension liability of \$2,007,177. The total pension liability was measured as of December 31, 2023, based on a December 31, 2022 actuarial valuation. The total pension liability was rolled forward to December 31, 2023, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$239,160.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 219,114	\$ 55,535
Changes of assumptions and other inputs	229,582	239,329
Town benefit payments and plan administrative expense made subsequent to the measurement date	79,892	-
Total	\$ 528,588	\$ 294,864

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The Town paid \$79,892 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions, which will be recognized as a decrease of the total pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2025	\$ 93,919
2026	81,180
2027	3,294
2028	(21,485)
2029	(3,076)
Total	<u>\$ 153,832</u>

Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate. The following presents the Town's total pension liability calculated using the discount rate of 4.00 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	<u>1% Decrease (3.00%)</u>	<u>Current Discount Rate (4.00%)</u>	<u>1% Increase (5.00%)</u>
Total pension liability	\$ 2,153,765	\$ 2,007,177	\$ 1,873,244

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

	<u>2024</u>
Beginning balance	\$ 1,985,911
Service cost	69,939
Interest on the total pension liability	83,226
Differences between expected and actual experience in the measurement of the total pension liability	(62,148)
Changes of assumptions or other inputs	40,087
Benefit payments	(109,838)
Ending balance of the total pension liability	<u>\$ 2,007,177</u>

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five year period ending December 31, 2019.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 1,410,885	\$ 239,160	\$ 1,650,045
Pension liability	4,966,123	2,007,177	6,973,300
Proportionate share of the net pension liability	0.07498%	N/A	-

Deferred Outflows of Resources:

Differences between expected and actual experience	\$ 553,373	\$ 219,114	\$ 772,487
Changes of assumptions	211,032	229,582	440,614
Net difference between projected and actual earnings on plan investments	1,329,152	-	1,329,152
Changes in proportion and differences between Town contributions and proportionate share of contributions	87,180	-	87,180
Benefit payments and administrative costs paid subsequent to the measurement date	891,066	79,892	970,958
Total deferred outflows of resources	<u>\$ 3,071,803</u>	<u>\$ 528,588</u>	<u>\$ 3,600,391</u>

Deferred Inflows of Resources:

Differences between expected and actual experience	\$ 11,913	\$ 55,535	\$ 67,448
Changes of assumptions	-	239,329	239,329
Changes in proportion and differences between Town contributions and proportionate share of contributions	102,069	-	102,069
Total deferred inflows of resources	<u>\$ 113,982</u>	<u>\$ 294,864</u>	<u>\$ 408,846</u>

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the Plan. Contributions for the year ended June 30, 2024 were \$265,102, which consisted of \$141,094 from the Town and \$124,008 from the law enforcement officers. No amounts were forfeited.

Supplemental Retirement Income Plan for General Employees

Plan Description. The Town has elected to contribute to the Plan for general employees as well as for law enforcement officers. Participation begins at the date of employment. Employees may contribute up to 15% of their annual salary, not to exceed the maximum amount established by law. The Town will match the contribution 100% up to 5% of the employee's salary. Contributions for the year ended June 30, 2024 were \$217,216 which consisted of \$122,914 from the Town and \$94,302 from the employees.

Other Post-Employment Benefit

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single-employer, defined benefit Healthcare Benefits Plan (the HCB Plan). This Plan provides post-employment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System).

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Employees who were hired before September 1, 2019, and retire under the North Carolina Local Governmental Employees' Retirement System (NCLGERS) and meet any of the following conditions are eligible to participate in the Town's Health Insurance Plan:

- 30 years of service with the Town
- Age 50 and 20 years of service with the Town
- Age 55 and 10 years of service with the Town
- Disabled at any age and 5 years of service with the Town

Employees hired on or after September 10, 2019, are not eligible to participate in the Town's Health Insurance Plan after retirement. The Town Board has the authority to establish and amend the benefit terms and financing requirements.

Benefits Provided. Employees who retire with a minimum of 25 years of employment with the Town will have their health insurance premium paid entirely by the Town. If an employee retires with less than 25 years of employment, they can continue to participate in the Town's Health Insurance Plan but will have to pay full cost of coverage.

Two retirees are grandfathered in to dental and life insurance coverage paid by the Town. The monthly cap on Medicare reimbursements does not apply to these two grandfathered retirees. One retiree receives a Medicare Part B reimbursement from the Town for their lifetime. Health care and prescription drug coverage are provided in the Town's Health Insurance Plan for Pre-Medicare retirees and a reimbursement is offered to Medicare eligible retirees. Dependents of retirees are not eligible to participate in the Town's Health Insurance Plan.

The monthly premium for active employees and retirees not yet eligible for Medicare is \$556 as of July 1, 2023. Medicare eligible retirees are eligible to receive a reimbursement up to \$150 a month to cover their Medicare Supplement Plan. Two grandfathered retirees are not subject to the monthly cap on their reimbursement.

The Town Council may amend the benefit provisions. A separate report was not issued for the Plan. No assets were accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Membership of the HCB Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

Retirees receiving benefits	10
Active plan members	<u>54</u>
Total	<u><u>64</u></u>

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Total OPEB Liability

The Town's total OPEB liability of \$2,810,744 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	
General employees	3.25 percent - 8.41 percent
Law enforcement officers	3.25 percent - 7.90 percent
Municipal bond index rate	
Prior measurement date	3.54 percent
Measurement date	3.65 percent
Healthcare cost trend rates	
Pre-Medicare, medical and prescription drug	7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032
Medicare, medical and prescription drug	5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2023	<u>\$ 2,741,145</u>
Changes for the year	
Service cost	82,196
Interest	98,498
Differences between expected and actual experience	6,603
Changes in assumptions or other inputs	(35,129)
Benefit payments	<u>(82,569)</u>
Net changes	<u>69,599</u>
Balance at June 30, 2024	<u><u>\$ 2,810,744</u></u>

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% to 3.65%.

The Town selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022, valuation were based on a review of recent plan experience performed concurrently with the June 30, 2022 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the plan, determined using the discount rate of 3.65%, as well as what the plan's total OPEB liability would be if it were determined using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB liability	\$ 3,152,844	\$ 2,810,744	\$ 2,516,546

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the plan, determined using health care cost trend rates, as well as what the Town's total OPEB liability would be if it were determined using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	\$ 2,523,082	\$ 2,810,744	\$ 3,151,021

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

For the year ended June 30, 2024, the Town recognized OPEB expense of \$5,957. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,963	\$ 819,265
Changes of assumptions and other inputs	580,941	561,307
Town benefit payments and plan administrative expense made subsequent to the measurement date	71,780	-
Total	\$ 659,684	\$ 1,380,572

\$71,780 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2025	\$ (174,737)
2026	(174,737)
2027	(174,733)
2028	(113,750)
2029	(68,418)
Thereafter	(86,293)
Total	\$ (792,668)

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Other Employee Benefits

Death Benefit Plan

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

Group Life Insurance

The Town pays the full cost of a life insurance policy for all regular full-time employees and all regular part-time employees who work a minimum of 30 hours per week. Employee coverage is equivalent to the employee's current salary and payable to the designated beneficiary of the employee.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position are comprised of the following:

Differences between expected and actual experience	\$ 779,450
Changes of assumptions	1,021,555
Net difference between projected and actual earnings on plan investments	1,329,152
Changes in proportion and differences between employer contributions and proportionate share of contributions	87,180
Benefit payments and administrative costs paid subsequent to the measurement date	1,042,738
Total	<u>\$ 4,260,075</u>

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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

	Statement of Net Position	Balance Sheet Governmental Funds
Taxes receivable	\$ -	\$ 69,719
Unavailable revenue (nonmajor funds)	-	649,801
Leases	7,697,181	7,601,304
Differences between expected and actual experience	886,713	-
Changes of assumptions and other inputs	800,636	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	102,069	-
Total	\$ 9,486,599	\$ 8,320,824

Risk Management

The Town 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 Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability coverage of \$5 million per occurrence, auto liability coverage of \$5 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to the statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, police, and public officials for claims in excess of \$1 million, for property claims in excess of \$500,000, and up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town provides health insurance coverage to eligible employees through a third party. Any health claims in excess of policy limits are the responsibility of the employee and not the Town.

The Town carries flood insurance with a third party that provides coverage for property located in an area that has been mapped and designated a "B, C, and X" area by the Federal Emergency Management Agency. The coverage provides an annual and a single occurrence limit of \$5,000,000 each. All of the Town's assets are located within these zones with the exception of some sheds and concession stands located at one of the Town's parks. While the Town is eligible to purchase flood insurance through the National Flood Insurance program on these items, no decision has been made to carry flood insurance on all these items at this time.

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond.

Effective with the bond renewal on July 1, 2023, the Town increased the bonding for the Finance Director to \$1,000,000 in order to comply with S.L. 2022-53, Section 9(a). The remaining employees that have access to funds are bonded under a blanket bond for \$30,000.

Claims, Judgments and Contingent Liabilities

At June 30, 2024, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorneys, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

Long-Term Obligations

Installment Purchases – Direct Placements

In February 2021, the Town entered into a \$21,000,000 installment note to finance the Town Hall/Library facility. The note requires semi-annual interest only payments thru July 1, 2022, and beginning January 1, 2023, annual principal payments of \$1,500,000, plus semi-annual interest payments at a 1.73% fixed interest rate, to mature in 2036. The Town's outstanding note from direct placement related to governmental activities, contains a provision that in an event of default, outstanding amounts become immediately due or lender may exercise or enforce its security in the Deed of Trust, if the Town fails to pay a payment or additional payment when due, fails to budget and appropriate money to make payments in subsequent year, fails to perform terms and conditions or covenants of the contract, files bankruptcy, misrepresents the Deed of Trust, or attaches, levies, or executes on or against any portion of the mortgaged property. The note is secured by the Town Hall/ Library facility. At June 30, 2024, the balance remaining was \$18,000,000.

Annual debt service payments of the installment purchase, including interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2025	\$ 1,500,000	\$ 316,590
2026	1,500,000	289,415
2027	1,500,000	263,104
2028	1,500,000	236,794
2029	1,500,000	211,060
2030-2034	7,500,000	658,049
2035-2036	3,000,000	78,931
Total	\$ 18,000,000	\$ 2,053,943

At June 30, 2024, the Town had a legal debt margin of approximately \$279,473,000.

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

	<u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2024</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
Installment purchases- direct placement	\$ 19,500,000	\$ -	\$ 1,500,000	\$ 18,000,000	\$ 1,500,000
Total pension liability (LEOSSA)	1,985,911	21,266	-	2,007,177	-
Net pension liability (LGERS)	3,918,725	485,873	-	4,404,598	-
Total OPEB liability	2,206,107	62,347	-	2,268,454	-
Compensated absences	348,051	312,078	185,958	474,171	47,417
Governmental activities long-term liabilities	<u>\$ 27,958,794</u>	<u>\$ 881,564</u>	<u>\$ 1,685,958</u>	<u>\$ 27,154,400</u>	<u>\$ 1,547,417</u>
Business-Type Activities:					
<i>Electric Fund:</i>					
Net pension liability (LGERS)	\$ 42,645	\$ 5,399	\$ -	\$ 48,044	\$ -
Total OPEB liability	138,673	724	-	139,397	-
Compensated absences	1,246	1,265	826	1,685	169
<i>ILEC Telephone Fund:</i>					
Net pension liability (LGERS)	464,894	48,587	-	513,481	-
Total OPEB liability	396,365	6,528	-	402,893	-
Compensated absences	41,426	17,217	15,614	43,029	4,303
Business-type activities long-term liabilities	<u>\$ 1,085,249</u>	<u>\$ 79,720</u>	<u>\$ 16,440</u>	<u>\$ 1,148,529</u>	<u>\$ 4,472</u>

Compensated absences, other post-employment benefits, and pension liabilities for governmental activities have typically been liquidated in the General Fund.

Interfund Balances and Activity

Balances due to/from other funds at June 30, 2024 consist of the following:

<u>Fund</u>	<u>Payable</u>	<u>Receivable</u>	<u>Purpose</u>
General Fund	\$ -	\$ 593,047	Cash deficit - timing of when loan proceeds are received
Fire Building Construction Capital Project Fund	593,047	-	
ILEC Telephone Fund	-	1,056,169	Cash deficit and operational support
CLEC Telephone Fund	1,056,169	-	
Total	<u>\$ 1,649,216</u>	<u>\$ 1,649,216</u>	

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Transfers to/from other funds during the year ended June 30, 2024 consist of the following:

<u>Fund</u>	<u>From</u>	<u>To</u>	<u>Purpose</u>
Electric Fund	\$ 29,026	\$ -	
ILEC Telephone Fund	8,920	-	
CLEC Telephone Fund	4,842	-	
General Fund	-	42,788	Payment in lieu of taxes
General Fund	105,000	-	Town contribution to project funds to create new fund
McCullough Greenway Construction Capital Project Fund	-	105,000	
Lynnwood/Lakeview Road Improv Capital Project Fund	398,912	-	To close out project fund
ARP Grant Project Fund			
Special Revenue Fund	233,862	-	Revenue replacement expenditures
General Fund	-	632,774	
ARP Grant Project Fund			
Special Revenue Fund	497,606	-	Revenue replacement expenditures
McCullough Greenway Construction Capital Project Fund	-	497,606	
ILEC Telephone Fund	75,000	-	Capital expansion
CLEC Telephone Fund	-	75,000	Capital expansion
Total	<u>\$ 1,353,168</u>	<u>\$ 1,353,168</u>	

3. Jointly Governed Organizations

The Town, in conjunction with twenty other governments, is a member of the North Carolina Town Power Agency (Electric Agency). The Electric Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Electric Agency's governing board. The 21 members, who receive power from the Electric Agency, have signed power sales agreements to purchase a specified share of the power generated by the Electric Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2024 were \$8,175,465.

TOWN OF PINEVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The Town's volunteer fire department appoints five members to the five-member local Board of Trustees for the Firemen's Relief Fund. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the state. The state passes these monies to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. During the fiscal year ended June 30, 2024, the Town did not report any payments to the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements. Instead, the local Board of Trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

4. Summary Disclosure of Significant Contingencies

Federal and State-Assisted Programs

The Town 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.

5. Subsequent Event

In August 2024, the Town received a substantial credit from NCMPA1 of \$2,266,064. This is the result of a one-time credit of NCMPA1 excess working capital as recommended by the NCMPA1 Rate Committee and approved by the NCMPA1 Board of Commissioners and the Electricities Board of Directors.

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TOWN OF PINEVILLE, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SEVEN FISCAL YEARS**

Other Post-Employment Benefits				
	2024	2023	2022	2021
Total OPEB liability - beginning	\$ 2,741,145	\$ 3,292,520	\$ 2,935,923	\$ 5,191,717
Service cost	82,196	157,230	151,842	328,662
Interest	98,498	73,758	67,725	192,473
Changes of benefit terms	-	-	-	(2,492,424)
Differences between expected and actual experience	6,603	(316,875)	1,784	(684,846)
Changes of assumptions	(35,129)	(395,013)	182,101	443,001
Benefit payments	(82,569)	(70,475)	(46,855)	(42,660)
Net change in total OPEB liability	69,599	(551,375)	356,597	(2,255,794)
Total OPEB liability - ending	\$ 2,810,744	\$ 2,741,145	\$ 3,292,520	\$ 2,935,923
Covered employee payroll	\$ 3,591,171	\$ 3,591,171	\$ 4,207,910	\$ 4,207,910
Total OPEB liability as a percentage of covered employee payroll	78.27%	76.33%	78.25%	69.77%

Notes to Schedule:

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

Fiscal Year	Rate
2024	3.65%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

There are no assets accumulated in a trust that meets the criteria for GASB codification P22.101 or P52.101 to pay related benefits for the OPEB fund.

TOWN OF PINEVILLE, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SEVEN FISCAL YEARS**

Other Post-Employment Benefits			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability - beginning	\$ 4,371,403	\$ 4,532,967	\$ 4,700,511
Service cost	290,684	284,743	330,065
Interest	169,319	160,726	141,055
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(3,248)	(443,489)	(4,409)
Changes of assumptions	401,353	(126,849)	(605,457)
Benefit payments	<u>(37,794)</u>	<u>(36,695)</u>	<u>(28,798)</u>
Net change in total OPEB liability	<u>820,314</u>	<u>(161,564)</u>	<u>(167,544)</u>
Total OPEB liability - ending	<u><u>\$ 5,191,717</u></u>	<u><u>\$ 4,371,403</u></u>	<u><u>\$ 4,532,967</u></u>
Covered employee payroll	\$ 4,179,376	\$ 4,179,376	\$ 4,421,778
Total OPEB liability as a percentage of covered employee payroll	124.22%	104.59%	102.51%

TOWN OF PINEVILLE, NORTH CAROLINA

**TOWN OF PINEVILLE'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	Local Governmental Employees' Retirement System				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability (asset) (%)	0.07498%	0.07846%	0.07079%	0.07045%	0.07749%
Proportion of the net pension liability (asset) (\$)	\$ 4,966,123	\$ 4,426,264	\$ 1,085,633	\$ 2,517,479	\$ 2,116,191
Covered payroll	\$ 6,192,676	\$ 6,070,262	\$ 4,911,096	\$ 4,893,217	\$ 4,742,012
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	80.19%	72.92%	22.11%	51.45%	44.63%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%

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

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

TOWN OF PINEVILLE, NORTH CAROLINA

**TOWN OF PINEVILLE'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	Local Governmental Employees' Retirement System				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset) (%)	0.07376%	0.07209%	0.08583%	0.08872%	0.07666%
Proportion of the net pension liability (asset) (\$)	\$ 1,749,837	\$ 1,101,334	\$ 1,821,599	\$ 398,170	\$ (452,100)
Covered payroll	\$ 4,486,995	\$ 4,359,497	\$ 4,865,354	\$ 4,644,690	\$ 4,298,274
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	39.00%	25.26%	37.44%	8.57%	-10.52%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%

TOWN OF PINEVILLE, NORTH CAROLINA

**TOWN OF PINEVILLE'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

Local Governmental Employees' Retirement System					
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 891,066	\$ 776,154	\$ 669,533	\$ 515,551	\$ 455,948
Contributions in relation to the contractually required contribution	<u>891,066</u>	<u>776,154</u>	<u>669,533</u>	<u>515,551</u>	<u>455,948</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,659,792	\$ 6,192,676	\$ 6,070,262	\$ 4,911,096	\$ 4,893,217
Contributions as a percentage of covered payroll	13.38%	12.53%	11.03%	10.50%	9.32%

TOWN OF PINEVILLE, NORTH CAROLINA

**TOWN OF PINEVILLE'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS**

Local Governmental Employees' Retirement System					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 385,750	\$ 352,312	\$ 332,324	\$ 336,228	\$ 335,672
Contributions in relation to the contractually required contribution	<u>385,750</u>	<u>352,312</u>	<u>332,324</u>	<u>336,228</u>	<u>335,672</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,742,012	\$ 4,486,995	\$ 4,359,497	\$ 4,865,354	\$ 4,644,690
Contributions as a percentage of covered payroll	8.13%	7.85%	7.62%	6.91%	7.23%

TOWN OF PINEVILLE, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST EIGHT FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance			
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 1,985,911	\$ 2,069,165	\$ 1,926,028	\$ 1,325,677
Service cost	69,939	102,198	101,107	58,377
Interest on the total pension liability	83,226	45,352	36,205	42,594
Differences between expected and actual experience in the measurement of the total pension liability	(62,148)	196,279	156,632	(10,466)
Changes of assumptions or other inputs	40,087	(320,043)	(50,531)	548,078
Benefit payments	(109,838)	(107,040)	(100,276)	(38,232)
Ending balance of the total pension liability	<u>\$ 2,007,177</u>	<u>\$ 1,985,911</u>	<u>\$ 2,069,165</u>	<u>\$ 1,926,028</u>

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF PINEVILLE, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST EIGHT FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,176,798	\$ 1,200,412	\$ 1,080,697	\$ 1,046,425
Service cost	57,730	53,296	46,139	50,560
Interest on the total pension liability	42,140	37,329	41,197	36,875
Differences between expected and actual experience in the measurement of the total pension liability	49,289	(30,956)	(10,288)	-
Changes of assumptions or other inputs	37,952	(45,051)	69,500	(26,121)
Benefit payments	(38,232)	(38,232)	(26,833)	(27,042)
Ending balance of the total pension liability	<u>\$ 1,325,677</u>	<u>\$ 1,176,798</u>	<u>\$ 1,200,412</u>	<u>\$ 1,080,697</u>

TOWN OF PINEVILLE, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE
OF COVERED EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST EIGHT FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance				
	2024	2023	2022	2021
Total pension liability	\$ 2,007,177	\$ 1,985,911	\$ 2,069,165	\$ 1,926,028
Covered employee payroll	2,649,436	2,614,421	2,500,948	2,180,723
Total pension liability as a percentage of covered employee payroll*	75.76%	75.96%	82.74%	88.32%

Notes to the Schedules:

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

* Valuation payroll

TOWN OF PINEVILLE, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE
OF COVERED EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST EIGHT FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,325,677	\$ 1,176,798	\$ 1,200,412	\$ 1,080,697
Covered employee payroll	2,257,049	1,912,422	2,005,261	2,108,877
Total pension liability as a percentage of covered employee payroll*	58.73%	61.53%	59.86%	51.25%

TOWN OF PINEVILLE, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget	Actual	Variance Over/Under
Revenues:			
Ad Valorem Taxes:			
Taxes		\$ 10,588,679	
Penalties and interest		41,986	
Total	\$ 10,492,000	10,630,665	\$ 138,665
Other Taxes and Licenses:			
Gross receipts tax on short-term rental property		225,299	
Other taxes		24,481	
Total	-	249,780	249,780
Unrestricted Intergovernmental:			
Local option sales tax		3,201,858	
Utilities franchise tax		1,235,216	
Beer and wine tax		53,154	
ABC funds		158,787	
Total	4,071,000	4,649,015	578,015
Restricted Intergovernmental:			
Powell Bill allocation		292,738	
Vehicle rental tax		507,373	
Storm water fees		438,679	
Forfeited seizures - police		6,951	
Mecklenburg County ETJ Contribution		849,681	
NCLM Safety Grant		5,000	
Transient occupancy tax		536,617	
Prepared foods tax		1,038,439	
Total	2,110,000	3,675,478	1,565,478
Sales and Services:			
Recreation department fees		296,362	
Police services		12,815	
Zoning fees		32,206	
Rent income		764,400	
Other sales and services		10,278	
Total	-	1,116,061	1,116,061
Investment Earnings:			
Interest income	500,000	1,012,861	512,861

TOWN OF PINEVILLE, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget	Actual	Variance Over/Under
Miscellaneous	2,379,000	228,280	(2,150,720)
Total revenues	19,552,000	21,562,140	2,010,140
Expenditures:			
General Government:			
Governing Body:			
Salaries and benefits		88,961	
Professional services		75,584	
Other operating expenditures		116,430	
Capital outlay		24,997	
Total		305,972	
Administration:			
Salaries and benefits		575,232	
Operating expenses		971,178	
Capital outlay		34,653	
Total		1,581,063	
Human Resources:			
Salaries and benefits		109,432	
Operating expenses		101,784	
Total		211,216	
Information Technology:			
Operating expenses		359,677	
Capital outlay		47,188	
Total		406,865	
Zoning Board:			
Salaries and benefits		204,568	
Operating expenses		30,182	
Capital outlay		19,080	
Total		253,830	
Total general government	3,524,834	2,758,946	765,888

TOWN OF PINEVILLE, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Public Safety:			
Police:			
Salaries and benefits		5,695,677	
Operating expenses		1,264,186	
Capital outlay		<u>199,609</u>	
Total		<u>7,159,472</u>	
Fire:			
Salaries and benefits		233,240	
Operating expenses		1,235,693	
Capital outlay		<u>98,548</u>	
Total		<u>1,567,481</u>	
Total public safety	<u>9,777,807</u>	<u>8,726,953</u>	<u>1,050,854</u>
Transportation:			
Streets and Highways:			
Salaries and benefits		814,025	
Operating expenses		238,972	
Capital outlay		<u>1,214,923</u>	
Total transportation	<u>2,457,080</u>	<u>2,267,920</u>	<u>189,160</u>
Environmental Protection:			
Stormwater:			
Salary and benefits		103,027	
Contracted services		69,950	
Operating expenses		<u>143,910</u>	
Total		<u>316,887</u>	
Sanitation:			
Operating expenditures		<u>763,275</u>	
Total environmental protection	<u>1,126,752</u>	<u>1,080,162</u>	<u>46,590</u>

TOWN OF PINEVILLE, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget	Actual	Variance Over/Under
Cultural and Recreational:			
Parks and Recreation:			
Salaries and benefits		241,621	
Operating expenses		289,207	
Capital outlay		542,023	
Total parks and recreation		1,072,851	
Tourism:			
Salaries and benefits		638,802	
Operating expenditures		656,467	
Capital outlay		32,216	
Total tourism		1,327,485	
Total cultural and recreational	2,556,352	2,400,336	156,016
Debt Service:			
Principal retirement		1,500,000	
Interest and other charges		342,396	
Total debt service	1,842,535	1,842,396	139
Contingency	155,640	-	155,640
Total expenditures	21,441,000	19,076,713	2,364,287
Revenues over (under) expenditures	(1,889,000)	2,485,427	4,374,427
Other Financing Sources (Uses):			
Transfers to other funds	(105,000)	(105,000)	-
Transfers from other funds	440,000	632,774	192,774
Transfers from other funds - payment in lieu of taxes	40,000	42,788	2,788
Appropriated fund balance	1,514,000	-	(1,514,000)
Total other financing sources (uses)	1,889,000	570,562	(1,318,438)
Net change in fund balance	\$ -	3,055,989	\$ 3,055,989
Fund Balance:			
Beginning of year - July 1		20,883,905	
End of year - June 30		\$ 23,939,894	

TOWN OF PINEVILLE, NORTH CAROLINA

**MAJOR CAPITAL PROJECT FUND
TOWN HALL/LIBRARY BUILDING CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental	\$ -	\$ 149,612	\$ -	\$ 149,612
Investment earnings	-	1,829	124,013	125,842
Total revenues:	<u>-</u>	<u>151,441</u>	<u>124,013</u>	<u>275,454</u>
Expenditures:				
General government:				
Construction	21,246,942	16,984,717	539,103	17,523,820
Relocation of telephone infrastructure	-	2,702,285	577,091	3,279,376
Architectural engineering fees	-	84,112	910	85,022
Legal and financing fees	-	97,700	-	97,700
Total expenditures	<u>21,246,942</u>	<u>19,868,814</u>	<u>1,117,104</u>	<u>20,985,918</u>
Revenues over (under) expenditures	<u>(21,246,942)</u>	<u>(19,717,373)</u>	<u>(993,091)</u>	<u>(20,710,464)</u>
Other Financing Sources (Uses):				
Proceeds from long-term debt	21,000,000	21,000,000	-	21,000,000
Transfers to other funds:				
General Fund	(411,920)	-	-	-
Transfers from other funds:				
General Fund	658,862	246,942	-	246,942
Total other financing sources (uses)	<u>21,246,942</u>	<u>21,246,942</u>	<u>-</u>	<u>21,246,942</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,529,569</u>	<u>(993,091)</u>	<u>\$ 536,478</u>
Fund Balance:				
Beginning of year - July 1			<u>1,529,569</u>	
End of year - June 30			<u>\$ 536,478</u>	

TOWN OF PINEVILLE, NORTH CAROLINA

MAJOR SPECIAL REVENUE FUND

ARP GRANT PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES, AND

CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental	\$ 2,877,200	\$ 862,828	\$ 731,468	\$ 1,594,296
Other Financing Sources (Uses):				
Transfers to other funds:				
General Fund	(1,640,360)	(862,828)	(233,862)	(1,096,690)
McCullough Greenway Construction Capital Project Fund	<u>(1,236,840)</u>	<u>-</u>	<u>(497,606)</u>	<u>(497,606)</u>
Total other financing sources (uses)	<u>(2,877,200)</u>	<u>(862,828)</u>	<u>(731,468)</u>	<u>(1,594,296)</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ -</u>	 <u>-</u>	 <u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>-</u>	
End of year - June 30			<u>\$ -</u>	

TOWN OF PINEVILLE, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024**

	Special Revenue Funds			Capital Project Funds	
	Emergency Telephone System	Asset Forfeiture Fund	Total Special Revenue Funds	Johnston Drive Realignment Capital Project Fund	McCullough Greenway Capital Project Fund
Assets:					
Cash and cash equivalents	\$ 396,775	\$ -	\$ 396,775	\$ 652,344	\$ 305,000
Due from other governments	-	-	-	419,801	-
Restricted cash and cash equivalents	-	1,355,821	1,355,821	-	-
Total assets	\$ 396,775	\$ 1,355,821	\$ 1,752,596	\$ 1,072,145	\$ 305,000
Deferred Inflows of Resources and Fund Balances:					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	419,801	-
Fund Balances:					
Restricted:					
Restricted for public safety	396,775	1,355,821	1,752,596	-	-
Committed:					
Committed for transportation	-	-	-	652,344	305,000
Unassigned	-	-	-	-	-
Total fund balances	396,775	1,355,821	1,752,596	652,344	305,000
Total deferred inflows of resources and fund balances	\$ 396,775	\$ 1,355,821	\$ 1,752,596	\$ 1,072,145	\$ 305,000

TOWN OF PINEVILLE, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2024**

	<u>Capital Project Funds</u>			
	<u>Lynnwood/ Lakeview Road Improvements Capital Project Fund</u>	<u>Fire Building Construction Capital Project Fund</u>	<u>Total Capital Project Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ 957,344	\$ 1,354,119
Due from other governments	-	-	419,801	419,801
Restricted cash and cash equivalents	-	-	-	<u>1,355,821</u>
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,377,145</u>	<u>\$ 3,129,741</u>
Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Due to other funds	\$ -	\$ 593,047	\$ 593,047	\$ 593,047
Deferred Inflows of Resources:				
Unavailable revenue	-	-	<u>419,801</u>	<u>419,801</u>
Fund Balances:				
Restricted:				
Restricted for public safety	-	-	-	1,752,596
Committed:				
Committed for transportation	-	-	957,344	957,344
Unassigned	<u>-</u>	<u>(593,047)</u>	<u>(593,047)</u>	<u>(593,047)</u>
Total fund balances	<u>-</u>	<u>(593,047)</u>	<u>364,297</u>	<u>2,116,893</u>
Total deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,377,145</u>	<u>\$ 3,129,741</u>

TOWN OF PINEVILLE, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Special Revenue Funds</u>			<u>Capital Project Funds</u>	
	<u>Emergency Telephone System</u>	<u>Asset Forfeiture Fund</u>	<u>Total Special Revenue Funds</u>	<u>Johnston Drive Realignment Capital Project Fund</u>	<u>McCullough Greenway Capital Project Fund</u>
Revenues:					
Restricted intergovernmental	\$ 131,431	\$ 125,431	\$ 256,862	\$ -	\$ 200,000
Investment earnings	<u>28,713</u>	<u>-</u>	<u>28,713</u>	<u>-</u>	<u>-</u>
Total revenues	<u>160,144</u>	<u>125,431</u>	<u>285,575</u>	<u>-</u>	<u>200,000</u>
Expenditures:					
Public safety	110,996	179,829	290,825	-	-
Transportation	<u>-</u>	<u>-</u>	<u>-</u>	<u>549,738</u>	<u>497,606</u>
Total expenditures	<u>110,996</u>	<u>179,829</u>	<u>290,825</u>	<u>549,738</u>	<u>497,606</u>
Revenues over (under) expenditures	<u>49,148</u>	<u>(54,398)</u>	<u>(5,250)</u>	<u>(549,738)</u>	<u>(297,606)</u>
Other Financing Sources (Uses):					
Transfers from other funds	-	-	-	-	602,606
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>602,606</u>
Net change in fund balances	49,148	(54,398)	(5,250)	(549,738)	305,000
Fund Balances:					
Beginning of year - July 1	<u>347,627</u>	<u>1,410,219</u>	<u>1,757,846</u>	<u>1,202,082</u>	<u>-</u>
End of year - June 30	<u>\$ 396,775</u>	<u>\$ 1,355,821</u>	<u>\$ 1,752,596</u>	<u>\$ 652,344</u>	<u>\$ 305,000</u>

TOWN OF PINEVILLE, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	Capital Project Funds			
	Lynnwood/ Lakeview Road Improvements Capital Project Fund	Fire Building Construction Capital Project Fund	Total Capital Project Funds	Total Nonmajor Governmental Funds
Revenues:				
Restricted intergovernmental	\$ -	\$ -	\$ 200,000	\$ 456,862
Investment earnings	-	-	-	28,713
Total revenues	-	-	200,000	485,575
Expenditures:				
Public safety	-	850,839	850,839	1,141,664
Transportation	1,234,658	-	2,282,002	2,282,002
Total expenditures	1,234,658	850,839	3,132,841	3,423,666
Revenues over (under) expenditures	(1,234,658)	(850,839)	(2,932,841)	(2,938,091)
Other Financing Sources (Uses):				
Transfers from other funds	-	-	602,606	602,606
Transfers to other funds	(398,912)	-	(398,912)	(398,912)
Total other financing sources (uses)	(398,912)	-	203,694	203,694
Net change in fund balances	(1,633,570)	(850,839)	(2,729,147)	(2,734,397)
Fund Balances:				
Beginning of year - July 1	1,633,570	257,792	3,093,444	4,851,290
End of year - June 30	\$ -	\$ (593,047)	\$ 364,297	\$ 2,116,893

TOWN OF PINEVILLE, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental		\$ 131,431	
Investment earnings		<u>28,713</u>	
Total revenues	<u>\$ -</u>	<u>160,144</u>	<u>\$ 160,144</u>
Expenditures:			
Public safety:			
Telephone & furniture		16,567	
Software & software maintenance		69,453	
Hardware & hardware maintenance		22,368	
Training		<u>2,608</u>	
Total expenditures	<u>200,000</u>	<u>110,996</u>	<u>89,004</u>
Revenues over (under) expenditures	(200,000)	49,148	249,148
Other Financing Sources (Uses):			
Appropriated fund balance	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Net change in fund balance	<u>\$ -</u>	49,148	<u>\$ 49,148</u>
Fund Balance:			
Beginning of year - July 1		<u>347,627</u>	
End of year - June 30		<u>\$ 396,775</u>	

TOWN OF PINEVILLE, NORTH CAROLINA

**ASSET FORFEITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>
Revenues:				
Restricted intergovernmental	\$ 1,200,000	\$ 452,114	\$ 125,431	\$ 577,545
Expenditures:				
Public safety:				
Special operations	1,200,000	304,659	179,829	484,488
Total expenditures	<u>1,200,000</u>	<u>304,659</u>	<u>179,829</u>	<u>484,488</u>
Revenues over (under) expenditures	-	147,455	(54,398)	93,057
Other Financing Sources (Uses):				
Transfers (to) from General Fund	-	1,262,764	-	1,262,764
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,410,219</u>	(54,398)	<u>\$ 1,355,821</u>
Fund Balance:				
Beginning of year - July 1			<u>1,410,219</u>	
End of year - June 30			<u>\$ 1,355,821</u>	

TOWN OF PINEVILLE, NORTH CAROLINA

**JOHNSTON DRIVE REALIGNMENT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024**

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Expenditures:				
Transportation:				
Construction	\$ -	\$ 249,196	\$ 524,751	\$ 773,947
Land and buildings	-	746,284	-	746,284
Engineering and professional services	3,667,000	294,438	24,987	319,425
Total expenditures	<u>3,667,000</u>	<u>1,289,918</u>	<u>549,738</u>	<u>1,839,656</u>
Revenues over (under) expenditures	(3,667,000)	(1,289,918)	(549,738)	(1,839,656)
Other Financing Sources (Uses):				
Transfers from other funds:				
General Fund	<u>3,667,000</u>	<u>2,492,000</u>	-	<u>2,492,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,202,082</u>	(549,738)	<u>\$ 652,344</u>
Fund Balance:				
Beginning of year - July 1			<u>1,202,082</u>	
End of year - June 30			<u>\$ 652,344</u>	

TOWN OF PINEVILLE, NORTH CAROLINA

**MCCULLOUGH GREENWAY CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>	
			<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental	\$ 200,000	\$ -	\$ 200,000	\$ 200,000
Expenditures:				
Transportation:				
Construction	1,505,000	-	497,606	497,606
Revenues over (under) expenditures	(1,305,000)	-	(297,606)	(297,606)
Other Financing Sources (Uses):				
Transfers from other funds:				
General Fund	105,000	-	105,000	105,000
ARPA Grant Project Fund	1,200,000	-	497,606	497,606
Total other financing sources (uses)	1,305,000	-	602,606	602,606
Net change in fund balance	\$ -	\$ -	305,000	\$ 305,000
Fund Balance:				
Beginning of year - July 1			-	
End of year - June 30			<u>\$ 305,000</u>	

TOWN OF PINEVILLE, NORTH CAROLINA

**LYNNWOOD/LAKEVIEW ROAD IMPROVEMENTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Expenditures:				
Transportation:				
Construction	\$ 1,893,161	\$ 539,243	\$ 1,195,625	\$ 1,734,868
Engineering/professional services	-	119,262	39,033	158,295
Total expenditures	<u>1,893,161</u>	<u>658,505</u>	<u>1,234,658</u>	<u>1,893,163</u>
Revenues over (under) expenditures	<u>(1,893,161)</u>	<u>(658,505)</u>	<u>(1,234,658)</u>	<u>(1,893,163)</u>
Other Financing Sources (Uses):				
Transfers to other funds:				
General Fund	(398,914)	-	(398,912)	(398,912)
Transfers from other funds:				
General Fund	<u>2,292,075</u>	<u>2,292,075</u>	<u>-</u>	<u>2,292,075</u>
Total other financing sources (uses)	<u>1,893,161</u>	<u>2,292,075</u>	<u>(398,912)</u>	<u>1,893,163</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,633,570</u>	<u>(1,633,570)</u>	<u>\$ -</u>
Fund Balance:				
Beginning of year - July 1			<u>1,633,570</u>	
End of year - June 30			<u>\$ -</u>	

TOWN OF PINEVILLE, NORTH CAROLINA

**FIRE BUILDING CONSTRUCTION CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>	
			<u>Current Year</u>	<u>Total to Date</u>
Expenditures:				
Public safety:				
Land	\$ -	\$ 549,234	\$ -	\$ 549,234
Architectural engineering fees	<u>17,000,000</u>	<u>192,974</u>	<u>850,839</u>	<u>1,043,813</u>
Total expenditures	<u>17,000,000</u>	<u>742,208</u>	<u>850,839</u>	<u>1,593,047</u>
Revenues over (under) expenditures	<u>(17,000,000)</u>	<u>(742,208)</u>	<u>(850,839)</u>	<u>(1,593,047)</u>
Other Financing Sources (Uses):				
Proceeds from long-term debt	16,000,000	-	-	-
Transfers from other funds:				
General Fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Total other financing sources (uses)	<u>17,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 257,792</u>	(850,839)	<u>\$ (593,047)</u>
Fund Balance:				
Beginning of year - July 1			<u>257,792</u>	
End of year - June 30			<u>\$ (593,047)</u>	

TOWN OF PINEVILLE, NORTH CAROLINA

**ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Charges for service		\$ 12,786,402	
Other operating revenues		187,450	
Total operating revenues		12,973,852	
Non-operating revenues:			
Interest earnings		230,491	
Total revenues	\$ 14,680,000	13,204,343	\$ (1,475,657)
Expenditures:			
Administration:			
Salaries and employee benefits		320,323	
Professional services		302	
Operating expenditures		220,015	
Total administration		540,640	
Operations:			
Operating expenditures		1,671,571	
Electrical power purchases		8,213,075	
Capital outlay		2,350,055	
Total expenditures	15,815,974	12,775,341	3,040,633
Revenues over (under) expenditures	(1,135,974)	429,002	1,564,976
Other Financing Sources (Uses):			
Transfer to General Fund - payment in lieu of taxes	(29,026)	(29,026)	-
Appropriated fund balance	1,165,000	-	(1,165,000)
Total other financing sources (uses)	1,135,974	(29,026)	(1,165,000)

TOWN OF PINEVILLE, NORTH CAROLINA

**ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget	Actual	Variance Over/Under
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	399,976	\$ 399,976
 Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Capital asset additions		2,350,055	
Depreciation		(882,570)	
Change in deferred outflows of resources - pensions		845	
Change in deferred outflows of resources - OPEB		(1,051)	
Change in net pension liability		(5,399)	
Change in total OPEB liability		(724)	
Change in deferred inflows of resources - pensions		(644)	
Change in deferred inflows of resources - OPEB		2,572	
Change in accrued vacation		(439)	
Interest income from Electric Rate Stabilization Fund		28,713	
Change in net position		\$ 1,891,334	

TOWN OF PINEVILLE, NORTH CAROLINA

**ELECTRIC RATE STABILIZATION FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Investment earnings	<u>\$ -</u>	\$ 28,713	<u>\$ 28,713</u>
Fund Balance:			
Beginning of year - July 1		<u>749,632</u>	
End of year - June 30		<u><u>\$ 778,345</u></u>	

TOWN OF PINEVILLE, NORTH CAROLINA

**ILEC TELEPHONE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Charges for services		\$ 1,137,523	
Non-operating revenues:			
Interest earnings		144,951	
Total revenues	\$ 1,157,100	1,282,474	\$ 125,374
Expenditures:			
Administration:			
Salaries and employee benefits		124,000	
Operating expenditures		162,651	
Reimbursement - CLEC		(101,278)	
Total		185,373	
Operations:			
Salaries and employee benefits		777,359	
Operating expenditures		120,445	
Reimbursement - CLEC		(175,223)	
Total		722,581	
Telephone access and service charges		29,597	
Capital outlay:			
Equipment		233,645	
Total expenditures	1,210,720	1,171,196	39,524
Revenues over (under) expenditures	(53,620)	111,278	164,898
Other Financing Sources (Uses):			
Transfers to General Fund - payment in lieu of taxes	(8,920)	(8,920)	-
Transfers to CLEC Fund	(438,626)	(75,000)	363,626
Appropriated fund balance	501,166	-	(501,166)
Total other financing sources (uses)	53,620	(83,920)	(137,540)

TOWN OF PINEVILLE, NORTH CAROLINA

**ILEC TELEPHONE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2024**

	Budget	Actual	Variance Over/Under
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	27,358	\$ 27,358
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Capital asset additions		233,645	
Change in deferred outflows of resources - pensions		7,604	
Change in deferred outflows of resources - OPEB		(8,100)	
Change in net pension liability		(48,587)	
Change in total OPEB liability		(6,528)	
Change in deferred inflows of resources - pensions		(5,801)	
Change in deferred inflows of resources - OPEB		23,197	
Change in accrued vacation		(1,603)	
Depreciation		(171,184)	
Change in net position		\$ 50,001	

TOWN OF PINEVILLE, NORTH CAROLINA

**CLEC TELEPHONE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON GAAP)
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services		\$ 1,300,936	
Non-operating revenues:			
Interest earnings		<u>3,378</u>	
Total revenues	<u>\$ 1,193,000</u>	<u>1,304,314</u>	<u>\$ 111,314</u>
Expenditures:			
Administration:			
Professional services		31,784	
Operating expenditures		<u>111,856</u>	
Total		<u>143,640</u>	
Operations:			
Operating expenditures		849,614	
Telephone access and service charges		<u>188,175</u>	
Total expenditures	<u>1,638,226</u>	<u>1,423,039</u>	<u>215,187</u>
Revenues over (under) expenditures	<u>(445,226)</u>	<u>(118,725)</u>	<u>326,501</u>
Other Financing Sources (Uses):			
Transfer from ILEC Fund	438,626	75,000	(363,626)
Transfers to General Fund - payment in lieu of taxes	(5,000)	(4,842)	158
Appropriated fund balance	<u>11,600</u>	<u>-</u>	<u>(11,600)</u>
Total other financing sources (uses)	<u>445,226</u>	<u>70,158</u>	<u>(375,068)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(48,567)</u>	<u>\$ (48,567)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Capital asset additions		241,610	
Depreciation		<u>(159,879)</u>	
Change in net position		<u>\$ 33,164</u>	

TOWN OF PINEVILLE, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2024**

<u>Year Ended June 30</u>	<u>Uncollected Balance July 1, 2023</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2024</u>
2023-2024	\$ -	\$ 10,597,470	\$ 10,570,371	\$ 27,099
2022-2023	50,998	-	33,731	17,267
2021-2022	48,468	-	7,929	40,539
2020-2021	43,632	-	6,033	37,599
2019-2020	19,010	-	5,250	13,760
2018-2019	10,619	-	1,437	9,182
2017-2018	8,593	-	1,340	7,253
2016-2017	9,733	-	606	9,127
2015-2016	8,331	-	585	7,746
2014-2015	5,750	-	529	5,221
2013-2014	6,790	-	6,790	-
Total	<u>\$ 211,924</u>	<u>\$ 10,597,470</u>	<u>\$ 10,634,601</u>	<u>174,793</u>
Less: Allowance for uncollectible ad valorem taxes receivable				<u>105,074</u>
Ad valorem taxes receivable, net				<u>\$ 69,719</u>
Reconciliation with Revenues:				
Taxes - ad valorem				<u>\$ 10,630,665</u>
Reconciling items:				
Interest collected				41,986
Refunds and other adjustments				(60,893)
Miscellaneous adjustments				16,053
Amounts written off for tax years per statute of limitations				<u>6,790</u>
Total reconciling items				<u>3,936</u>
Total collections and credit				<u>\$ 10,634,601</u>

TOWN OF PINEVILLE, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2024**

	Town-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 3,737,809,474	\$ 0.285	\$ 10,652,757	\$ 10,254,278	\$ 398,479
Discoveries	25,413,333		72,428	72,428	-
Abatements	<u>(44,812,281)</u>		<u>(127,715)</u>	<u>(127,715)</u>	<u>-</u>
Total property valuation	<u>\$ 3,718,410,526</u>				
Net Levy			10,597,470	10,198,991	398,479
Uncollected taxes at June 30, 2024			<u>(27,099)</u>	<u>(27,099)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 10,570,371</u>	<u>\$ 10,171,892</u>	<u>\$ 398,479</u>
Current Levy Collection Percentage			<u>99.74%</u>	<u>99.73%</u>	<u>100.00%</u>

TOWN OF PINEVILLE, NORTH CAROLINA

**SCHEDULE OF TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2024**

Name of Taxpayer	Type of Business	2024 Assessed Value	Percentage of Total Assessed Value
BIN/Beacon Partners	Real estate	\$ 223,441,100	6.01%
Carolina Place Joint Venture	Shopping center	157,036,600	4.22%
New Willow Ridge Associates LLC	Shopping center	82,854,900	2.23%
Westdale Sabal Point NC LLC	Manufacturing	74,772,800	2.01%
IPEX USA	Manufacturing	56,120,934	1.51%
HR of Carolinas LLC	Real estate	55,876,700	1.50%
Centro Heritage SPE 4 LLC	Real estate	49,236,300	1.32%
Elements Property Holdings LLC	Real estate	47,993,800	1.29%
Pineville Apartments	Real estate	42,604,300	1.15%
LCF LLC	Real estate	41,561,800	1.12%
Total		\$ 831,499,234	22.36%

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Pineville, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Pineville, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Pineville'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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town'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 the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider 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 Town'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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 18, 2024

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

“A Professional Association of Certified Public Accountants and Management Consultants”

Item 1.

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor’s Report

To the Honorable Mayor and
Members of the Town Council
Town of Pineville, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Pineville, North Carolina’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Pineville’s major federal programs for the year ended June 30, 2024. The Town of Pineville’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Town of Pineville 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 each major federal program. Our audit does not provide a legal determination of the Town of Pineville’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Pineville's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance 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. Non-compliance 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 judgement made by a reasonable user of the report on compliance about the Town of Pineville's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material non-compliance, 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 Town of Pineville'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 Town of Pineville'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 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Town of Pineville'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, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will

not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 18, 2024

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TOWN OF PINEVILLE, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

1. Summary of Auditor’s Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
Significant deficiency(ies) identified?

Non-compliance material to financial statements noted?

Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?
Significant deficiency(ies) identified?

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes X No

Identification of major federal programs:

Program Name
COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

AL#
21.027

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes X No

TOWN OF PINEVILLE, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

2. Financial Statement Findings

None reported.

3. Federal Award Findings, Responses, and Questioned Costs

None reported.

TOWN OF PINEVILLE, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

None reported.

TOWN OF PINEVILLE, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Grantor/Pass-Through Grantor/Program Title	Federal AL # Number	State/Pass- Through Grantor's Number	Federal (Direct & Pass-Through) Expenditures	State Expenditures	Pass-Through to Subrecipients
Federal Programs:					
<u>US Department of Treasury</u>					
Direct:					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	XXXX	\$ 731,468	\$ -	-
<u>US Department of Justice</u>					
Direct:					
Bulletproof Vest Partnership Program	16.607	XXXX	1,535	-	-
Equitable Sharing Programs	16.922	XXXX	179,829	-	-
<u>US Department of Transportation</u>					
Pass-through the N.C. Department of Transportation					
Highway Planning, Research and Construction Cluster (Note 4)					
Highway Planning and Construction	20.205	4000035538	419,801	-	-
Total Highway Planning, Research and Construction Cluster					
<u>U.S. Department of Housing and Urban Development</u>					
Pass-through Mecklenburg County					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants/Entitlement Grants	14.218	43222447	230,000	-	-
Total for CDBG - Entitlement Grants Cluster					
State Programs:					
<u>N.C. Department of Transportation:</u>					
Powell Bill	XXXX	4000049167	-	249,610	-
Total federal awards			<u>\$ 1,562,633</u>		
Total state awards					<u>\$ 249,610</u>

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

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the Town of Pineville under the programs of the federal government and the state of North Carolina for the year ended June 30, 2024. 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 and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rates

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

Workshop Meeting

Pineville PLANNING & ZONING

To: Town Council

From: Travis Morgan

Date: 11/25/2024

Re: Pineville Church of the Nazarene Text Amendment (*Informational Item*)

REQUEST:

Brian Upton on behalf of Pineville Church of the Nazarene requests your consideration for a text amendment to revise the parking calculations for churches/places of worship

SUMMARY:

Zoning ordinance section 4.1

Existing Text:

Church / Place of Worship

One (1) space per four (4) seats, every two (2) feet of bench area shall be considered a seat for main chapel or sanctuary space. One (1) space per three hundred (300) square feet shall be used for all other square feet.

Proposed:

Church / Place of Worship

One (1) space per four hundred (400) square feet.

PLANNING BOARD COMMENT:

Planning Board recommended to approve the text amendment calculating parking to One (1) space per four hundred (400) square feet.at the 11/12/2024 meeting.

STAFF COMMENT:

Parking calculations especially for churches have not been revised or revisited for quite some time. Many municipalities base parking off seats or pews which is more difficult to verify and does not capture other non-seating spaces and accessory uses. Pineville church of the Nazarene is planning and expansion of the lobby and child play area and doesn't see the need for additional parking beyond the revised parking lot they have drawn. Staff supports a flat calculation used for all heated church square footage. Parking across all church building square footage set at either 1 per 300 square feet based off our office calculations or 1 per 400 square feet based off our general civic and school calculations is recommended.

ACTION:

This is a workshop meeting to hear the initial applicant's request and to offer feedback. This follows regular legislative process. Staff recommends the proposal and finds it consistent with adopted plans.



TOWN COUNCIL AGENDA ITEM

MEETING DATE: Monday, November 25, 2024

Agenda Title/Category:	Discussion Items			
Staff Contact/Presenter:	Sarah Towne, Baker Tilly			
Meets Strategic Initiative or Approved Plan:	Yes	No	If yes, list:	
Background:	Baker Tilly has conducted a compensation market comparison and pay plan analysis. Presentation of their recommendations and costs.			
Discussion:	Questions and discussion about the pay plan proposed changes and the associated costs and cost scenarios.			
Fiscal impact:	Increased labor costs depend on the final chosen scenario. This year if implemented early 2025 and coming years.			
Attachments:	PowerPoint and cost scenarios			
Recommended Motion to be made by Council:	None (discussion only)			



Classification and Compensation Study



Project Overview

COMPLETE

- ✓ **Data Collection:** project planning meetings, data requested from the Town.
- ✓ **Position Review:** using existing or updated job descriptions to adjust titles and conduct job evaluation to establish internal equity.
- ✓ **Market Assessment:** collection of base pay and pay practice information from peer organizations.
- **Pay Plan Development:** pay plan development, grade assignments, and implementation calculations.
- **Project Completion:** final report delivered, final presentation, project documentation delivery.



Project Overview

Position Review

1. Titles: Using existing job descriptions, we reviewed all titles and make recommendations for adjustments, as necessary.
2. Job Evaluation: We conducted job evaluation using our point factor tool, called SAFE®. This process established a hierarchy of jobs within the Town that is reflective of internal equity.
 - *This is a measurement of the position, NOT the person in the position.*

The 9 compensable factors:

- | | |
|----------------------|-------------------------------|
| 1. Education | 6. Working Conditions |
| 2. Experience | 7. Independence of Actions |
| 3. Level of Work | 8. Impact on the Organization |
| 4. Human Interaction | 9. Supervision Exercised |
| 5. Physical Demands | |

SAFE is compatible and compliant with federal Equal Pay Act.



Project Overview

Market Assessment

1. Peer Organizations (10): We partnered with you to identify comparable and competitive peer organizations to include in the study. These are organizations that look like you and work like you relative to size (revenue, population served, or number of employees), service offerings, geography, growth, etc.
 - Published salary survey data was incorporated as a private sector comparison.
2. Benchmark Positions: We included 50 positions in the market survey as benchmark positions.
3. Market Survey: A summary of work + minimum qualifications were included for each benchmark position to assist peers in providing an appropriate match.
4. Adjustments & Quality Control: Some adjustments were made to collected data to account for differences in work week, fiscal year, and geographic labor cost. *We do not weight the data.*
 - Results are analyzed for quality control; reports demonstrating market averages and a comparison to the market was prepared.



Market Assessment: Peer Organizations

- The Town identified 10 public peer organizations to be included in the study
- Data was collected or compiled from 9 of those, **shown in bold below**.
- Data from **3 published surveys** included to represent the “private sector”

1. Belmont, North Carolina
2. **Charlotte, North Carolina**
3. **Cornelius, North Carolina**
4. **Davidson, North Carolina**
5. **Huntersville, North Carolina**
6. **Indian Trail, North Carolina**
7. **Kannapolis, North Carolina**

8. **Matthews, North Carolina**
9. **Mint Hill, North Carolina**
10. **Union County, North Carolina**
11. **Bureau of Labor Statistics**
12. **Comp Analyst**
13. **Economic Research Institute**

Market Assessment: Cost of Labor Differentials

Where cost of living is a measurement of goods and services in each area, the cost of labor is a measurement of compensation paid.

Cost of labor can be impacted by the cost of living but is mainly influenced by the supply and demand of labor in each area (rate of unemployment and number of qualified laborers).

Date Pulled	Client Name	Location	Geo Adjust	Client Avg Base
9/19/2024	Pineville, North Carolina	Pineville, NC	99.5	65,562
Peer #	Peer Organization	Locality Used	ERI Indicator	GeoDiff %
1	Belmont, North Carolina	Mount Holly, NC	98.8	0.7%
2	Charlotte, North Carolina	Charlotte, NC	99.8	-0.3%
3	Cornelius, North Carolina	Cornelius, NC	99.4	0.1%
4	Davidson, North Carolina	Davidson, NC	99.4	0.1%
5	Huntersville, North Carolina	Huntersville, NC	99.5	0.0%
6	Indian Trail, North Carolina	Indian Trail, NC	98.5	1.0%
7	Kannapolis, North Carolina	Kannapolis, NC	99.5	0.0%
8	Matthews, North Carolina	Matthews, NC	99.5	0.0%
9	Mint Hill, North Carolina	Mint Hill, NC	98.5	1.0%
10	Union County, North Carolina	Monroe, NC	98.5	1.0%
11	Comp Analyst	Charlotte, NC	99.8	-0.3%
12	Economic Research Institute (ERI)	Charlotte, NC	99.8	-0.3%
13	Bureau of Labor Statistics (BLS)	State of North Carolina	93.6	5.9%

Cost of labor differentials collected from Economic Research Institutes Geographic Assessor tool which utilizes figures published by the Bureau of Labor Statistics.



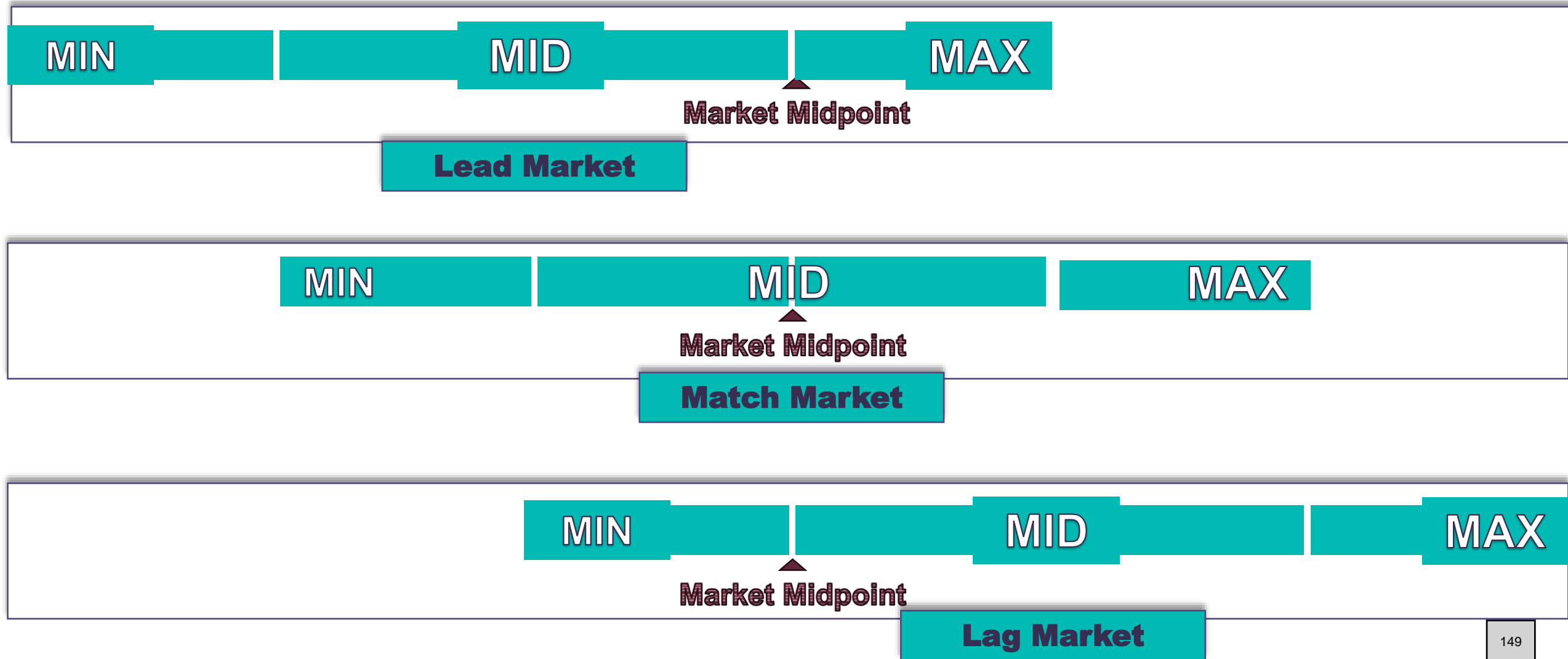
Market Assessments: Results

- In total 50 positions were included in the market survey as benchmark positions.
 - Overall, the study yielded market values for 100% of the Town's benchmark positions.
 - 96% of the benchmarks have 5+ matches.
 - 30% of the benchmarks have 8+ matches.
-
- Average minimum, midpoint, and maximum results were prepared for the 50 benchmarks with sufficient data.
 - A comparison of current midpoints vs. the market average midpoint was also prepared. Additional market thresholds demonstrating 5% above and 5% below market were also prepared for consideration.
-
- On average, the Town is 13.6% **below** market at the minimum, 15.1% **below** market at the midpoint, and 16.2% **below** market at the maximum.
 - **Draft pay plans are aligned to 95% of market at the midpoints, pending approval from Council.**



Market Assessment

What is The Market?



Project Overview

Pay Plan Development:

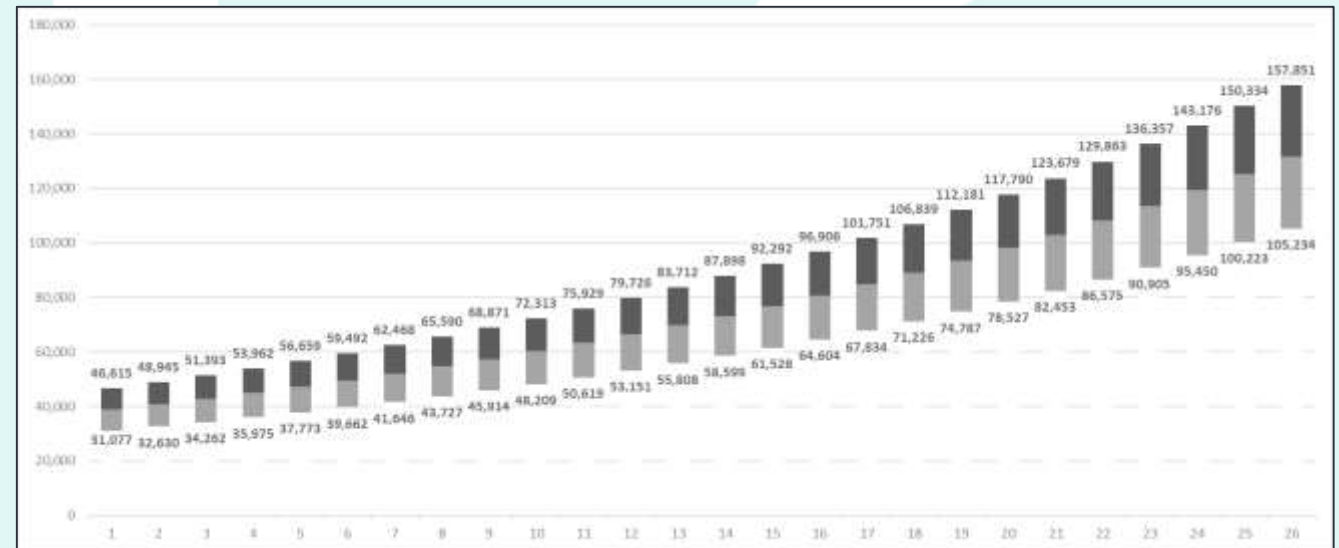
1. Pay Plans: Baker Tilly made recommendations to the existing General pay plan and developed a new pay plan for Police Sworn that were tailored to the study's results.
2. Grade assignments were determined based on internal and external results (SAFE® evaluation scores and market midpoints). We used a regression to test the relationship between this information and to identify outliers.
 - We included department heads in a preliminary review of grade assignments.
3. Implementation Cost: With finalized grade assignments, we prepared implementation calculations across 3 scenarios that will assist your organization in adopting the new classification and compensation system.



Current General Pay Plan

Town of Pineville Classification & Pay Plan					
Salary Grade	Min. 80% MP	Midpoint	Max 120% MP	Range Spread	Midpoint Differential
11	\$31,077	\$38,846	\$46,615	33%	
12	\$32,630	\$40,788	\$48,945	33%	5%
13	\$34,262	\$42,828	\$51,393	33%	5%
14	\$35,975	\$44,968	\$53,962	33%	5%
15	\$37,773	\$47,216	\$56,659	33%	5%
16	\$39,662	\$49,577	\$59,492	33%	5%
17	\$41,646	\$52,057	\$62,468	33%	5%
18	\$43,727	\$54,658	\$65,590	33%	5%
19	\$45,914	\$57,392	\$68,871	33%	5%
20	\$48,209	\$60,261	\$72,313	33%	5%
21	\$50,619	\$63,274	\$75,929	33%	5%
22	\$53,151	\$66,438	\$79,726	33%	5%
23	\$55,808	\$69,760	\$83,712	33%	5%
24	\$58,599	\$73,248	\$87,898	33%	5%
25	\$61,528	\$76,910	\$92,292	33%	5%
26	\$64,604	\$80,755	\$96,906	33%	5%
27	\$67,834	\$84,793	\$101,751	33%	5%
28	\$71,226	\$89,033	\$106,839	33%	5%
29	\$74,787	\$93,484	\$112,181	33%	5%
30	\$78,527	\$98,159	\$117,790	33%	5%
31	\$82,453	\$103,066	\$123,679	33%	5%
32	\$86,575	\$108,219	\$129,863	33%	5%
33	\$90,905	\$113,631	\$136,357	33%	5%
34	\$95,450	\$119,313	\$143,176	33%	5%
35	\$100,223	\$125,278	\$150,334	33%	5%
36	\$105,234	\$131,542	\$157,851	33%	5%

- Open plan (no defined steps), 26 grades (17 in use, numbered 11-36)
- 33% range spreads (distance from min to max)
- 5% midpoint differential (distance between each grade at the midpoint)
- Starting minimum wage is \$14.94/hour (\$31,077 annual)



Pay Plan Design

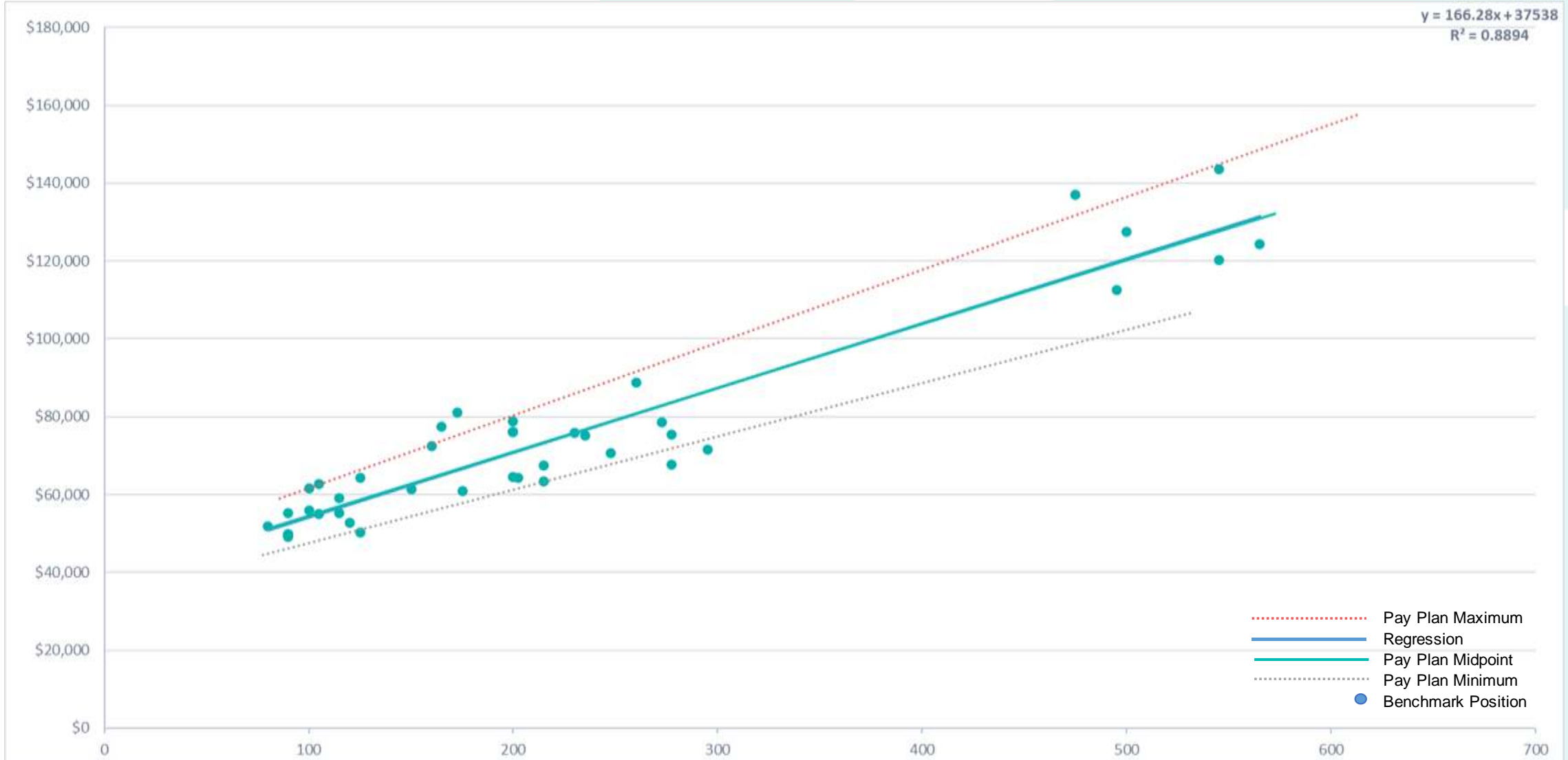
Proposed General Pay Plan

Grade	Minimum	Midpoint	Maximum	Range Spread	Midpoint Differential
13	\$41,224	\$47,408	\$53,591	30%	5%
14	\$43,285	\$49,778	\$56,271	30%	5%
15	\$45,450	\$52,267	\$59,085	30%	5%
16	\$47,722	\$54,880	\$62,039	30%	5%
17	\$50,108	\$57,624	\$65,140	30%	5%
18	\$50,421	\$60,505	\$70,589	40%	5%
19	\$52,942	\$63,530	\$74,119	40%	5%
20	\$55,589	\$66,707	\$77,825	40%	5%
21	\$58,368	\$70,042	\$81,715	40%	5%
22	\$61,287	\$73,544	\$85,802	40%	5%
23	\$64,351	\$77,221	\$90,091	40%	5%
24	\$67,568	\$81,082	\$94,595	40%	5%
25	\$70,947	\$85,136	\$99,326	40%	5%
26	\$74,494	\$89,393	\$104,292	40%	5%
27	\$78,219	\$93,863	\$109,507	40%	5%
28	\$84,477	\$101,372	\$118,268	40%	8%
29	\$91,235	\$109,482	\$127,729	40%	8%
30	\$94,593	\$118,241	\$141,890	50%	8%
31	\$102,160	\$127,700	\$153,240	50%	8%
32	\$110,333	\$137,916	\$165,500	50%	8%
33	\$119,159	\$148,949	\$178,739	50%	8%
34	\$128,692	\$160,865	\$193,038	50%	8%
35	\$138,987	\$173,734	\$208,481	50%	8%
36	\$150,106	\$187,633	\$225,159	50%	8%

- Open plan (no defined steps), 24 grades (numbered 13-36)
- 30-50% range spreads
- 5-8% midpoint differential
- Aligned to 95% of market midpoints
- Starting minimum wage is \$19.82/hour (\$41,224 annual)



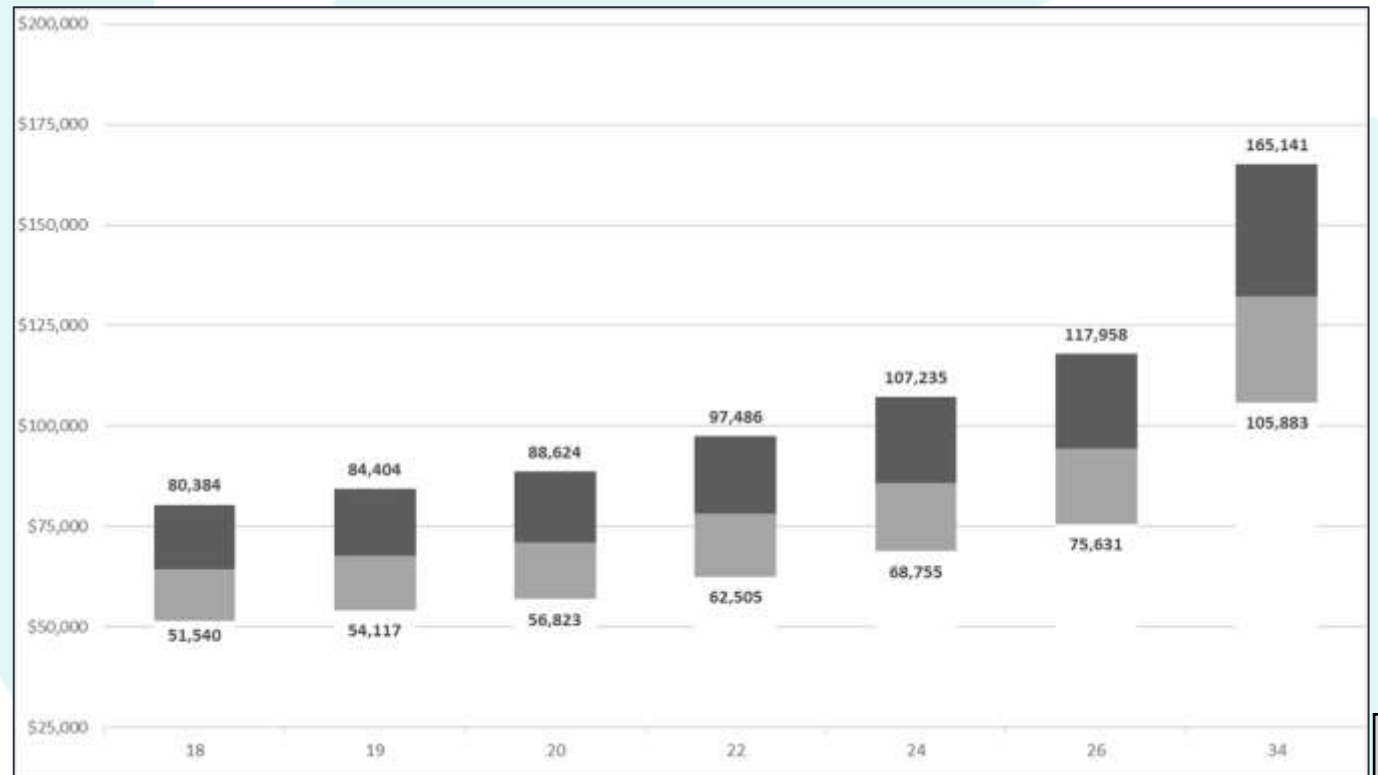
Proposed General Pay Plan



Current Police Pay Plan

Town of Pineville Classification & Pay Plan																			
Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Midpoint	Step 11	Step 12	Step 13	Step 14	Step 15	Step 16	Step 17	Step 18	Step 19
18	\$51,539.70	\$52,828.19	\$54,148.89	\$55,502.62	\$56,890.18	\$58,312.44	\$59,770.25	\$61,264.50	\$62,796.12	\$64,366.02	\$65,975.17	\$67,624.55	\$69,315.16	\$71,048.04	\$72,824.24	\$74,644.85	\$76,510.97	\$78,423.74	\$80,384.34
19	\$54,116.68	\$55,469.60	\$56,856.34	\$58,277.75	\$59,734.69	\$61,228.06	\$62,758.76	\$64,327.73	\$65,935.92	\$67,584.32	\$69,273.93	\$71,005.78	\$72,780.92	\$74,600.44	\$76,465.45	\$78,377.09	\$80,336.52	\$82,344.93	\$84,403.55
20	\$56,822.52	\$58,243.08	\$59,699.16	\$61,191.63	\$62,721.43	\$64,289.46	\$65,896.70	\$67,544.12	\$69,232.72	\$70,963.54	\$72,737.62	\$74,556.07	\$76,419.97	\$78,330.47	\$80,288.73	\$82,295.95	\$84,353.34	\$86,462.18	\$88,623.73
22	\$62,504.77	\$64,067.39	\$65,669.07	\$67,310.80	\$68,993.57	\$70,718.41	\$72,486.37	\$74,298.53	\$76,155.99	\$78,059.89	\$80,011.39	\$82,011.67	\$84,061.96	\$86,163.51	\$88,317.60	\$90,525.54	\$92,788.68	\$95,108.40	\$97,486.11
24	\$68,755.24	\$70,474.13	\$72,235.98	\$74,041.88	\$75,892.93	\$77,790.25	\$79,735.00	\$81,728.38	\$83,771.59	\$85,865.88	\$88,012.53	\$90,212.84	\$92,468.16	\$94,779.86	\$97,149.36	\$99,578.09	\$102,067.55	\$104,619.24	\$107,234.72
26	\$75,630.77	\$77,521.54	\$79,459.58	\$81,446.07	\$83,482.22	\$85,569.27	\$87,708.50	\$89,901.22	\$92,148.75	\$94,452.47	\$96,813.78	\$99,234.12	\$101,714.98	\$104,257.85	\$106,864.30	\$109,535.90	\$112,274.30	\$115,081.16	\$117,958.19
34	\$105,883.08	\$108,530.15	\$111,243.41	\$114,024.49	\$116,875.10	\$119,796.98	\$122,791.91	\$125,861.70	\$129,008.25	\$132,233.45	\$135,539.29	\$138,927.77	\$142,400.97	\$145,960.99	\$149,610.02	\$153,350.27	\$157,184.02	\$161,113.62	\$165,141.46

- 19-step pay plan, 7 grades
- Midpoint aligns at Step 10
- 2.44% between steps, 36% range spreads (distance from min to max)
- 5-40% midpoint differential (distance between each grade at the midpoint)
- Starting minimum wage is \$23.60/hour (\$51,539.70 annual)



Proposed Police Pay Plan

Grade	Position	1	2	3	4	5	6	7	8	9	10	11	Midpoint Differential	Step Diff	Range Spread
PO1	Police Officer	\$58,334	\$59,793	\$61,288	\$62,820	\$64,390	\$66,000	\$67,650	\$69,341	\$71,075	\$72,852	\$74,673		2.50%	28%
PO2	Detective	\$60,668	\$62,184	\$63,739	\$65,333	\$66,966	\$68,640	\$70,356	\$72,115	\$73,918	\$75,766	\$77,660	4.00%	2.50%	28%
PO3	Corporal	\$64,915	\$66,537	\$68,201	\$69,906	\$71,653	\$73,445	\$75,281	\$77,163	\$79,092	\$81,069	\$83,096	7.00%	2.50%	28%
PO4	Sergeant	\$72,704	\$74,522	\$76,385	\$78,295	\$80,252	\$82,258	\$84,315	\$86,422	\$88,583	\$90,798	\$93,068	12.00%	2.50%	28%
PO5	Lieutenant	\$82,156	\$84,210	\$86,315	\$88,473	\$90,685	\$92,952	\$95,276	\$97,657	\$100,099	\$102,601	\$105,166	13.00%	2.50%	28%
PO6	Police Captain	\$94,068	\$96,420	\$98,831	\$101,301	\$103,834	\$106,430	\$109,090	\$111,818	\$114,613	\$117,479	\$120,415	14.50%	2.50%	28%
PO7	Police Chief	\$122,104	\$125,767	\$129,540	\$133,426	\$137,429	\$141,552	\$145,798	\$150,172	\$154,677	\$159,318	\$164,097	33.00%	3.00%	34%

- 11-step, 7 Grades (Numbered PO1-PO7)
- 2.5-3% between steps, 28-34% range spreads
- Tailored 4-33% midpoint differential
- Aligned to 95% of market midpoints
- Starting minimum wage is \$26.71/hour (\$58,334 annual)



Pay Grade Assignments

Determined based on internal and external results (SAFE® evaluation scores and market midpoints). We used a regression to test the relationship between this information and to identify outliers.

In total, 51 unique positions were classified to a grade in the proposed pay plan based on market midpoints. From there, grade assignments were adjusted, as necessary, to account for:

• Existing equity (current midpoints & grade groupings)	• Job Evaluation (SAFE scores based on Job Descriptions)
• Career progressions	• Supervisor-subordinate separation
• Grade compression	

The following information was NOT considered when assigning positions to a grade:

• The person in the position	• Performance
• Length of service	• Employee existing salary



Implementation Scenarios

Baker Tilly prepared 3 scenarios for Pineville to consider in its adoption of the new General classification and compensation plan.

- **Implementation cost reflects base pay in US dollars. Benefits and pay differentials are not included.**

Baker Tilly does not recommend a pay decrease for any employee as a result of the study.

Implementation Scenarios for the General Pay Plan:

1. Employees move to the minimum of their assigned pay grade if their current salary is below. All other employees retain their existing salary. This is to get all employees onto the pay plan.
2. Employees below the minimum would move to the minimum or receive a 3% adjustment (whichever is greater), capped at the maximum of their pay range. If any employee's current salary is higher than that calculation, they would retain their existing salary.
3. Starts by moving employees to the minimum of their assigned pay grade then calculating 2% x years in position, capped at 11 years. For example: if an employee has been in their position with Pineville for 3 years, the employee's new salary would be calculated by adding 6% to the minimum of their newly assigned pay grade. Any employees whose current salary is greater than that calculation would retain their existing salary.

Pay Plan Development

Implementation Scenarios- General Plan

	Option 1 - Move to Minimum				
	# of Staff	Current Salary	Proposed Salary	Difference	% Increase
Totals	64	\$3,951,911.39	\$4,023,317.01	\$71,405.61	1.8%
Employees Below Minimum	17	\$827,409.39	\$898,815.00	\$71,405.61	8.6%
Employees Within Range	46	\$3,030,077.08	\$3,030,077.08	\$0.00	0.0%
Employees Above Maximum	1	\$94,424.93	\$94,424.93	\$0.00	0.0%
	Option 2 - Greater of Minimum or 3%				
	# of Staff	Current Salary	Proposed Salary	Difference	% Increase
Totals	64	\$3,951,911.39	\$4,115,341.93	\$163,430.54	4.1%
Employees Below Minimum	17	\$827,409.39	\$899,937.61	\$72,528.23	8.8%
Employees Within Range	46	\$3,030,077.08	\$3,120,979.39	\$90,902.31	3.0%
Employees Above Maximum	1	\$94,424.93	\$94,424.93	\$0.00	0.0%
	Option 3 - Move to Minimum + 2% per Years in Position (Capped)				
	# of Staff	Current Salary	Proposed Salary	Difference	% Increase
Totals	64	\$3,951,911.39	\$4,168,083.24	\$216,171.85	5.5%
Employees Below Minimum	17	\$827,409.39	\$920,784.54	\$93,375.15	11.3%
Employees Within Range	46	\$3,030,077.08	\$3,152,873.77	\$122,796.69	4.1%
Employees Above Maximum	1	\$94,424.93	\$94,424.93	\$0.00	0.0%

Implementation Scenarios

Baker Tilly prepared 2 scenarios for Pineville to consider in its adoption of the new Police Sworn classification and compensation plan.

- **Implementation cost reflects base pay in US dollars. Benefits and pay differentials are not included.**

Baker Tilly does not recommend a pay decrease for any employee as a result of the study.

Implementation Scenarios for the Police Pay Plan:

1. Employees move to the closest step without a decrease.
This is to get all employees onto the pay plan.
2. Employees move to the step based on years in position, unless it would result in a decrease then employees would move to the closest step without a decrease.
For example: if an employee has been in their position with Pineville for 3 years, the employee's new salary would be Step 3 of their newly assigned pay grade.



Pay Plan Development

Implementation Scenarios- Police Plan

	Option 1 - Closest Step, without Decrease				
	# of Staff	Current Salary	Proposed Salary	Difference	% Increase
Totals	39	\$2,764,318.48	\$2,849,680.31	\$85,361.83	3.1%
Employees Below Minimum	16	\$872,625.24	\$946,510.36	\$73,885.13	8.5%
Employees Within Range	19	\$1,534,428.98	\$1,545,905.68	\$11,476.70	0.7%
Employees Above Maximum	4	\$357,264.27	\$357,264.27	\$0.00	0.0%
	Option 2: Steps based on Years in Position				
	# of Staff	Current Salary	Proposed Salary	Difference	% Increase
Totals	39	\$2,764,318.48	\$2,862,305.52	\$97,987.03	3.5%
Employees Below Minimum	16	\$872,625.24	\$956,865.63	\$84,240.39	9.7%
Employees Within Range	19	\$1,534,428.98	\$1,548,175.62	\$13,746.64	0.9%
Employees Above Maximum	4	\$357,264.27	\$357,264.27	\$0.00	0.0%

Project Overview

Project Completion

1. Final report: We will document the methodology used to conduct the study, our findings, and recommendations.
2. Final Presentation: We will present the results to elected officials, senior leadership, employees, and/or designated staff as desired.
3. Training: We will provide training to HR staff to administer and maintain the new classification and compensation system – including the SAFE® job evaluation process.
 - All project documentation will be delivered



Recommendations

We urge the Town of Pineville, NC to:

- Approve the continued use of Baker Tilly’s SAFE® methodology to maintain internal equity.
- Approve the use of the open plan for General positions and the proposed step plan for Police sworn positions.
- Approve the position grade assignments which were reviewed by Town leadership and confirmed by the Town’s project team.
- Approve an implementation scenario that addresses the Town’s compensation philosophy, business goals, and that is fiscally sustainable.
- Continue efforts to maintain the classification and compensation system:
 - Routinely review positions, job descriptions, and market conditions.
 - Adjust the pay structure and salaries, annually, to keep pace with the market.
 - Adopt general increases, annually, to reward employees and ensure advancement through assigned pay ranges.



TOWN COUNCIL AGENDA ITEM

MEETING DATE:

Agenda Title/Category:	Cone Mill Redevelopment			
Staff Contact/Presenter:	Ryan Spitzer			
Meets Strategic Initiative or Approved Plan:	Yes	No	If yes, list:	Adheres to Comprehensive Plan
	x			
Background:	Town Council held a Public Hearing on November 12 th for the sale of Cone Mill to a potential buyer to develop up to 162 townhomes and 50,000 sq ft of commercial space. At the meeting, Town Council decided to table a vote on the sale of the property until December 10 th to allow Town Council to review the project and ask more questions.			
Discussion:	This is for Town Council to discuss the project with staff and the buyer. One question that came up was around workforce housing being part of the project.			
Fiscal impact:	\$5,000,000			
Attachments:				
Recommended Motion to be made by Council:				

Workshop Meeting

Pineville

PLANNING & ZONING

To: Town Council

From: Travis Morgan

Date: 11/25/2024

Re: **Housing Unit Count Text Amendment** (*Informational Item*)

REQUEST:

The Planning Department recommends updating and clarifying some information from the subdivision ordinance into the zoning ordinance. Recommended is a text amendment update to 6.2 of the Subdivision Ordinance and 6.5.25 of the Zoning Ordinance relating to conditional zoning requirement relating to 100 or more housing units.

SUMMARY:

See bolded revised text

Proposed Text:

Subdivision Ordinance

6.200 General Procedure for Subdivisions

3. Any subdivision creating more than 100 ~~lots~~ **units** shall require conditional approval from the Pineville Town Council.

Zoning Ordinance

6.5.25 Conditional Zoning Thresholds and Traffic Study

Developments and uses of land of a certain size or type require additional traffic review to best manage traffic congestion directly related to the proposal. This is to best manage the health, safety, and welfare of the Town.

- A) A **conditional zoning plan and** traffic study is required for the creation of 100 or more housing units.
- B) A conditional zoning plan and traffic study is required for the creation of more than 100,000 gross square feet of any new: warehouse space, heated or cooled space, roofed space, event or gathering space such as theater, concert hall, amphitheater, church, or similar fire code assembly rated space.
- C) Traffic study shall generally follow NCDOT requirements.
- D) Improvements found as part of the study shall be required for approval excepting conditional process exemptions or additional safety, functional, or minimum level of service requirements.

PLANNING BOARD COMMENT:

Planning Board recommended to approve the text amendment to the Subdivision and Zoning Ordinance at the 11/12/2024 meeting.

STAFF COMMENT:

The text amendment clarification is recommended to both clarify housing units over lots and consolidate the 100-housing count conditional zoning threshold to have it clear and more readily accessible in the Pineville Zoning Ordinance.

ACTION:

This is a workshop meeting to hear the Staff initiated text amendment request and to offer feedback. This follows regular legislative process. Staff recommends the proposal and finds it consistent with adopted plans.