

Pettigrew Regional Library
Financial Statements
June 30, 2024



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Certified Public Accountants

**Pettigrew Regional Library
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June 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pettigrew Regional Library
Plymouth, North Carolina

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and the major fund of the Pettigrew Regional Library, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of the Pettigrew Regional Library, North Carolina as of June 30, 2024, and the respective changes in financial position and cash flows [where applicable] thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles 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. 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 Pettigrew Regional Library 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 Audit of the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Pettigrew Regional Library's ability to continue as a going concern for the 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 of 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 *Governmental Auditing Standards* will always detect 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 *Governmental Auditing Standards* we

- exercised professional judgement and maintained 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 Pettigrew Regional Library's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pettigrew Regional Library's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 11, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 31 and 32, be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 general 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 Pettigrew Regional Library's basic financial statements. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2025, on our consideration of the Pettigrew Regional Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pettigrew Regional Library'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 Pettigrew Regional Library's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Jeff Best". The signature is written in a cursive, flowing style.

Jeff Best, CPA, PLLC

Belhaven, North Carolina
January 27, 2025

Pettigrew Regional Library Management's Discussion and Analysis

As management of Pettigrew Regional Library (the "Library"), we offer readers of Pettigrew Regional Library's financial statements this narrative overview and analysis of the financial activities of Pettigrew Regional Library 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 Library's financial statements, which follow this narrative.

Financial Highlights

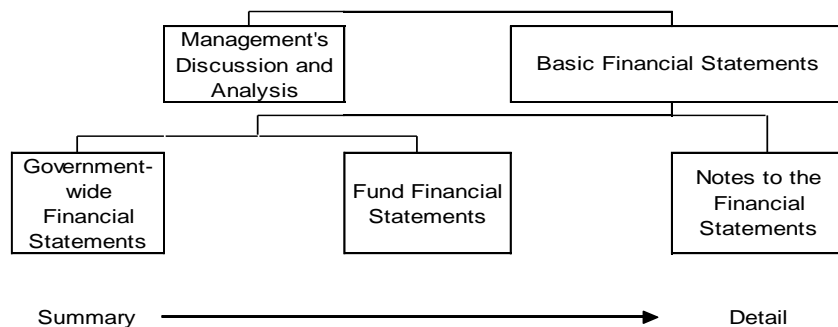
- The assets and deferred outflows of resources of Pettigrew Regional Library exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$711,351 (*net position*).
- The library's total net position decreased by \$143,800.
- As of the close of the current fiscal year, the Library's governmental fund reported ending fund balance of \$555,461 with a net decrease of \$188,023 in fund balance. Approximately 30.37% of this total amount, or \$168,708, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$255,056 or 16.60% of total general fund expenditures and transfers out for the fiscal year.
- The Library's debt, excluding compensated absences and net pension liability (LGERS), decreased by \$13,658 during the fiscal year. The key factor for this decrease were the payment of leases due to the implementation of GASB 87, Leases.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Library's basic financial statements. The Library'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 Library through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Pettigrew Regional Library.

Required Components of Annual Financial Report

Figure 1



Pettigrew Regional Library Management's Discussion and Analysis

The Library operates under the governance of the Pettigrew Regional Library Board. The Board has the status of a local government, as established by NC General Statute. As a quasigovernmental entity, the board adopts a budget ordinance and policies, which are enacted in compliance with all requirements of the Local Government Commission. Library operations are shaped by the Library's Mission and Long Range Plan, as well as its annual budget.

Although a significant portion (29% in FY 2024) of the Library's budget continues to come from the Aid to Public Libraries Fund of the State of North Carolina, the portion of income from State Aid has increased from 28% to the current 29%. The distribution formula for State Aid is weighted in favor of regional libraries, and areas with low per-capita income, so Pettigrew Regional Library perennially benefits from the formula. An application for State Aid is signed annually, committing the Library to compliance with all requirements for eligibility for State Aid. The administration of State Aid, as stipulated in the Administrative Code, is the only real way in which the State Library of North Carolina has authority over public libraries in the state.

Library materials are loaned to eligible borrowers free, although charges are assessed for overdue fines. Time on Library computers is offered at no charge, although users are charged a fee for printing. Some other services to the public are fee-based. These include:

- Photocopies, Research Laminating
- Item sales of books, flash drives, and headphones
- Faxed pages transmitted or received
- Notary Services
- Return postage for Interlibrary Loans and any fees assessed by Lending Libraries

Financial Statements

The Library's financial statements provide information about the Library system's financial status. All monies administered by the Library Board and Finance Officer are shown as General Funds.

In addition to the general funds included in the operating budget, the Library also has oversight over funds held by each county library board. These funds are shown in the financial statements as Restricted Assets. Revenues come into these funds as donations or proceeds from fundraising activities. Funds are spent out of these accounts at the discretion of the respective county library board. Expenditures are included in the Library's financial report at the time they are spent.

Fund Financial Statements

The fund financial statements provide a detailed look at the Library's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that are segregated for specific purposes. Pettigrew Regional Library, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or noncompliance) with



Pettigrew Regional Library Management's Discussion and Analysis

finance-related legal requirements, such as the regulations for eligibility for State Aid funds, and the Library's budget ordinance. The Library has one fund that falls into one category – governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities. All of the Library's basic services are accounted for in a governmental fund. This fund focuses 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.

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 start on page 15 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Pettigrew Regional Library's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 31 of this report.

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

Pettigrew Regional Library Management's Discussion and Analysis

Government-Wide Financial Analysis

**Pettigrew Regional Library's Net Position
Figure 2**

	Governmental Activities	
	2024	2023
Current and other assets	\$ 561,215	\$ 747,248
Capital assets	317,249	228,723
Right to lease assets	58,057	72,571
Total assets	936,521	1,048,542
Total deferred outflows of resources	265,085	232,274
Current and other liabilities	419,765	340,783
Long-term liabilities outstanding	68,393	81,235
Total liabilities	488,158	422,018
Total deferred inflows of resources	2,097	3,647
Net position:		
Net investment in capital assets	317,249	228,723
Restricted for Stabilization by State Statute	23,210	15,542
Restricted for Technology Reserve	-	-
Restricted other	145,498	163,318
Unassigned	225,394	447,568
Total net position	\$ 711,351	\$ 855,151

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 Library exceeded liabilities and deferred inflows by \$711,351 as of June 30, 2024. The Library's net position decreased by \$143,800 for the fiscal year ended June 30, 2024. However, the largest portion reflects the Library's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Library'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 Library's net position, \$168,708, represents resources that are subject to external restrictions on how they may be used.

One particular aspect of the Library's financial operations positively influenced the total unrestricted governmental net position:

- State funding increased \$90,150.

Pettigrew Regional Library Management's Discussion and Analysis

Pettigrew Regional Library's Changes in Net Position
Figure 3

	Governmental Activities	
	2024	2023
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 1,285,440	\$ 1,426,805
General revenues:		
Investment earnings	20,689	10,723
Miscellaneous income	42,037	34,448
Total revenues	1,348,166	1,471,976
Expenses:		
Salaries and benefits	1,017,930	900,083
Books and periodicals	71,561	66,187
Other	400,485	368,020
Debt service interest	1,990	228
Total expenses	1,491,966	1,334,518
Increase (decrease) in net position	(143,800)	137,458
Net position, beginning	855,151	717,693
Net position, June 30	\$ 711,351	\$ 855,151

Revenue by Source – Governmental Activities. The chart above includes all governmental type activities, including grants. Government support makes up the majority of revenues.

Financial Analysis of the Library's Funds

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

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

The general fund is the chief operating fund of the Library. At the end of the current fiscal year, the Library's fund balance available in the General Fund was \$255,056, while total fund balance reached \$555,461. The Governing Body of the Library has determined that the Library should maintain an available fund balance of 10% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Library. The Library currently has an available fund balance of 16.60% of general fund expenditures, and total fund balance represents 36.16% of the same amount.

Pettigrew Regional Library Management's Discussion and Analysis

At June 30, 2024, governmental funds reported a combined fund balance of \$555,461 with a net decrease in fund balance of \$188,023.

General Fund Budgetary Highlights. During the fiscal year, the Library 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.

Total amendments to the General Fund increased revenues by \$226,550. The major amendments were increases to State Grants - \$120,622; Non-recurring State Grant - \$ 105,343 used to fund replacement vehicles, technology upgrades, and office renovations; Memorial Fund - \$25,206 used to fund shelving upgrades; miscellaneous income - \$22,829; and a resulting decrease in Appropriated Fund Balance of \$47,450.

Capital Assets

The Library's investment in capital assets for its governmental activities as of June 30, 2024 totals \$317,249 (net of accumulated depreciation). These assets include buildings and equipment.

Pettigrew Regional Library's Capital Assets

Figure 4

	Governmental Activities	
	2024	2023
Buildings and Equipment	\$ 1,081,072	\$ 964,064
Less: Accumulated Depreciation	763,823	735,341
Total	\$ 317,249	\$ 228,723

Additional information on the Library's capital assets can be found in Note II.A.3 of the Basic Financial Statements.

Pettigrew Regional Library Management’s Discussion and Analysis

Long-term Debt

As of June 30, 2024, the Library had total debt outstanding of \$482,404.

**Pettigrew Regional Library’s Long-Term Debt
Figure 5**

	Governmental Activities	
	2024	2023
Compensated absences	\$ 31,404	\$ 29,763
Lease liabilities	58,913	72,571
Net pension liability (LGMERS)	392,087	315,920
Total	\$ 482,404	\$ 418,254

Pettigrew Library’s Outstanding Debt. The Library’s total debt increased by \$64,150 during the fiscal year. More information can be found in footnote II B 3 on page 29.

Economic Factors and Next Year’s Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Library.

- Average population change from 2020 to 2023 was down 0.74%
- Median annual average household income \$51,214 in the 4 counties
- Poverty level averages 13.7% in 2022 in all 4 counties
- Two of the four counties in the Pettigrew Region have a Tier I designation clearly suggesting that they are among the most distressed communities in the state.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Funding from the four counties for the operation of libraries increased 5.12%.

The final \$54,088 Non-recurring State Funds were appropriated.

The Library appropriated fund balance in the fiscal year 2025 budget in the amount of \$131,697.

Requests for Information

This report is designed to provide an overview of the Library’s finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Pettigrew Regional Library, 201 E 3rd Street, Plymouth, NC 27962.

Pettigrew Regional Library
Balance Sheet / Statement of Net Position
June 30, 2024

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 392,507	\$ -	\$ 392,507
Restricted cash and cash equivalents	145,498	-	145,498
Accounts receivable (net)	1,639	-	1,639
Sales tax receivable	19,394	-	19,394
Prepaid expenses	2,177	-	2,177
Capital assets, net of depreciation	-	317,249	317,249
Right to use leased assets, net of amortization	-	58,057	58,057
Total assets	561,215	375,306	936,521
DEFERRED OUTFLOWS OF RESOURCES			
	-	265,085	265,085
LIABILITIES			
Accounts payable	5,754	-	5,754
Current portion of long-term liabilities		21,924	21,924
Net pension liability	-	392,087	392,087
Long-term liabilities:			
Due in more than one year	-	68,393	68,393
Total liabilities	5,754	482,404	488,158
DEFERRED INFLOWS OF RESOURCES			
	-	2,097	2,097
FUND BALANCE			
Restricted for:			
Stabilization by State Statute	23,210	(23,210)	-
Other funding	145,498	(145,498)	-
Assigned:			
Subsequent year's expenditures	131,697	(131,697)	-
Unassigned:			
General fund	255,056	(255,056)	-
Total fund balance	555,461	(555,461)	-
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 561,215</u>		
NET POSITION			
Net investment in capital assets		317,249	317,249
Restricted for:			
Stabilization by State Statute		23,210	23,210
Other funding		145,498	145,498
Unassigned		225,394	225,394
Total net position		<u>\$ 711,351</u>	<u>\$ 711,351</u>

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

Pettigrew Regional Library
Statement of Governmental Fund Revenues, Expenditures,
and Changes in Net Position / Statement of Activities
For the Fiscal Year Ended June 30, 2024

	General Fund	Adjustment	Statement of Activities
GENERAL REVENUES			
State and federal	\$ 497,168	\$ -	\$ 497,168
Local	781,724	-	781,724
Contributions	6,548	-	6,548
Interest income	20,689	-	20,689
Other income	42,037	-	42,037
Total general revenues	1,348,166	-	1,348,166
EXPENDITURES/EXPENSES			
Current:			
Salaries and benefits	974,483	43,447	1,017,930
Books and periodicals	71,561	-	71,561
Other	474,497	(74,012)	400,485
Debt Service:			
Principal	13,658	(13,658)	-
Interest and other charges	1,990	-	1,990
Total expenditures/expenses	1,536,189	(44,223)	1,491,966
Excess (deficiency) of revenues over expenditures	(188,023)	44,223	(143,800)
Net change in fund balance	(188,023)	44,223	(143,800)
Fund balance/Net Position-beginning	743,484	-	855,151
Fund balance/Net Position-ending	\$ 555,461	\$ -	\$ 711,351

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

Pettigrew Regional Library
General Fund Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES				
State and federal	\$ 432,152	\$ 658,117	\$ 497,168	\$ (160,949)
Local	770,023	770,023	781,724	11,701
Contributions	2,500	5,200	6,548	1,348
Interest Income	4,000	4,000	20,689	16,689
Other income	36,000	81,335	42,037	(39,298)
Total revenues	1,244,675	1,518,675	1,348,166	(170,509)
EXPENDITURES				
Current:				
Salaries and benefits	1,019,143	1,007,460	974,483	32,977
Books and periodicals	76,143	77,103	71,561	5,542
Other	287,930	509,555	474,497	35,058
Debt Service				
Principal retirement	-	13,658	13,658	-
Interest and other charges	-	1,990	1,990	-
Total expenditures	1,383,216	1,609,766	1,536,189	73,577
Revenues over (under) expenditures	(138,541)	(91,091)	(188,023)	(96,932)
OTHER FINANCING SOURCES (USES)				
Appropriated fund balance	138,541	91,091	-	(91,091)
Total expenditures	138,541	91,091	-	(91,091)
Revenues and other financing sources (uses) over (under) expenditures	-	-	(188,023)	(188,023)
FUND BALANCE				
Fund balance-beginning			743,484	
Fund balance-ending			\$ 555,461	

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

Pettigrew Regional Library

Notes to Financial Statements

I. Summary of Significant Accounting Policies

The accounting policies of Pettigrew Regional Library conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Library's accounting policies are described below.

A. Reporting Entity

Pettigrew Regional Library, a jointly governed organization, is governed by a twelve-member board of trustees or directors in a multi-county library system whose objective is to provide library services to Chowan, Perquimans, Tyrrell, and Washington counties.

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The Library does not have any Business-type activities.

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

Fund Financial Statements: The fund financial statements provide information about the Library's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Library reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Library. The General Fund accounts for all financial resources. The primary revenue sources are federal and State grants, county contributions, and fines. The primary expenditures are for salaries, books, and materials.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, the fund of the Library is maintained during the year using the modified accrual basis of accounting.

Pettigrew Regional Library Notes to Financial Statements

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide 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 Library gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 capital leases are reported as other financing sources.

The Library considers all revenues available if they are collected within 90 days after year-end. Under the terms of grant agreements, the Library funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Library'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 Library's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. 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 Inflows and Outflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Library are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Library may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Library may

Pettigrew Regional Library Notes to Financial Statements

establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

NC State law [G.S. 159-30(c)] authorizes the Library 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 Library's investments are generally reported at fair value.

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC- registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAM by S&P and AAA-mf by Moody's Investor Services and reported at fair value.

2. Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

The North Carolina Capital Management Trust account is classified as restricted assets because their use is completely restricted to the purpose for which the endowments were made.

Governmental Activities - General Fund	
Tyrrell County Public Library	\$ 13,114
Perquimans County Public Library	9,017
Washington County Public Library	23,242
Shepard-Pruden Memorial Library	100,125
<u>Total Restricted Cash</u>	<u>\$ 145,498</u>

4. Prepaid Items

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

5. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of five years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their

Pettigrew Regional Library Notes to Financial Statements

estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The Library's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Library reports a lease (only applies when the Library is the lessee) or agreements where the Library reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term. The Library does not have any Information technology Subscriptions to account for under the requirement of GASB 96

Capital assets of the Library are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings		20 - 40 years
Improvements		10 - 20 years
Furniture and equipment		5 - 10 years

6. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Library has one item that meet this criterion – pension deferrals for the 2024 fiscal year.

Pettigrew Regional Library Notes to Financial Statements

In addition to liabilities, the statement of financial position will sometime report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Library has one item that meets the criterion – pension deferrals for the 2024 fiscal year.

7. Compensated Absences

The vacation policies of the Library provide for the accumulation of up to 126 hours for non-administrative employees, 162 hours for administrative employees, and 198 hours for the director of earned vacation leave with such leave being fully vested when earned. The Library 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 statement.

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

8. Net Position/Fund Balances

Net Position

Net position in government-wide financial statements is 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.

Restricted net position will be used before unrestricted net position when the restrictions have been met. In the event an expenditure is incurred for both restricted and unrestricted amounts, the restricted amounts will be considered to be spent.

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:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Library does not have nonspendable fund balance.

Pettigrew Regional Library Notes to Financial Statements

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

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

Restricted for Other Funding - portion of fund balance that is restricted by endowments.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Pettigrew Regional Library's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. The Library does not have committed fund balance.

Assigned fund balance – portion of fund balance that Pettigrew Regional Library intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation.

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

Pettigrew Regional Library has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Library in such a manner that available net position is at least equal to or greater than 10% of budgeted expenditures.

**Pettigrew Regional Library
Notes to Financial Statements**

9. 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 Library's employer contributions are recognized when due and the Library 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.

10. Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

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

Ending fund balance - general fund	\$	555,461
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		317,249
Right to use leased assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	\$	58,057
Deferred outflows of resources related to pensions are not reported in the funds.		265,085
Deferred inflows of resources related to pensions are not reported in the funds.		(2,097)
Net pension liability		(392,087)
Compensated absences used in governmental activities are not recognized in the general fund		(31,404)
Leased liabilities used in governmental activities are not recognized in the general fund		(58,913)
<u>Net position of governmental activities</u>	<u>\$</u>	<u>711,351</u>

**Pettigrew Regional Library
Notes to Financial Statements**

11. Reconciliation of the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

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

Net change in fund balances - general fund	\$	(188,023)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		82,670
Some expenses reported in the Statement of Activities do not require the use of current financial resources, and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(1,641)
Pension expense		(124,476)
Leased liability		13,658
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation and amortization in the current period.		74,012
Change in net position of governmental activities	\$	(143,800)

12. Subsequent Events – Date of Management Evaluation

Management has evaluated subsequent events through January 27, 2025, the date on which the financial statements were available to be issued.

II. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Library 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 Library's agents in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Library, these deposits are considered to be held by the Library's agent in the Library's name. 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



Pettigrew Regional Library Notes to Financial Statements

of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Library or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Library under the Pooling Method, the potential exists for undercollateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Library has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Library complies with the provisions of GS 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2024, the Library's deposits had a carrying amount of \$391,882 and a bank balance of \$484,064. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2024, the Library had \$625 cash on hand.

2. Investments

At June 30, 2024, the Library had \$145,498 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Library has no policy regarding credit risk.

Pettigrew Regional Library Notes to Financial Statements

3. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings	\$ 232,525	\$ -	\$ -	\$ 232,525
Equipment	731,539	66,508	-	798,047
Vehicles and motor equipment	-	50,500	-	50,500
Total capital assets being depreciated	964,064	117,008	-	1,081,072
Less accumulated depreciation for:				
Buildings	136,551	5,813	-	142,364
Equipment	598,790	20,144	-	618,934
Vehicles and motor equipment	-	2,525	-	2,525
Total accumulated depreciation	735,341	28,482	-	763,823
Total capital assets being depreciated, net	\$ 228,723	\$ 88,526	\$ -	\$ 317,249
Capital assets being amortized:				
Right to use assets:				
Leased equipment	\$ 72,571	\$ -	\$ -	\$ 72,571
Total capital assets being amortized	72,571	-	-	72,571
Less accumulated amortization for:				
Right to use assets:				
Leased equipment	-	14,514	-	14,514
Total accumulated amortization	-	14,514	-	14,514
Total capital assets being amortized, net	\$ 72,571	\$ 14,514	\$ -	\$ 58,057
Total capital assets, net	\$ 301,294	\$ 103,040	\$ -	\$ 375,306

B. Liabilities

1. Pension Plan and Postemployment Obligations

Local Governmental Employees' Retirement System

Plan Description. Pettigrew Regional Library is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. 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 (CAFR) for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements

Pettigrew Regional Library Notes to Financial Statements

and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Pettigrew Regional Library employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Pettigrew Regional Library's contractually required contribution rate for the year ended June 30, 2024, was 12.85% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from Pettigrew Regional Library were \$82,670 for the year ended June 30, 2024.

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

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

At June 30, 2024, the Library reported a liability of \$392,087 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 Library's proportion of the net pension liability was based on a projection of the Library's long-term share of

Pettigrew Regional Library Notes to Financial Statements

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, 2023 (measurement date), the Library's proportion was 0.00592%, which was an increase of 0.00032% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Library recognized pension expense of \$124,476. At June 30, 2024, the Library 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	\$ 43,690	\$ 941
Changes in assumptions	16,661	-
Net difference between projected and actual earnings on pension plan investments	104,940	-
Changes in proportion and differences between Library contributions and proportionate share of contributions	17,124	1,156
Library contributions subsequent to the measurement date	82,670	-
Total	\$ 265,085	\$ 2,097

\$82,670 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 65,539
2026	36,841
2027	73,501
2028	4,437
2029	-
Thereafter	-

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

Inflation	2.5 percent
Salary increases	3.25 to 8.05 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

Pettigrew Regional Library Notes to Financial Statements

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

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

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement. The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighing 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic Fixed Income	7.0%	5.3%
Inflation Sensitive	6.0%	4.3%
Total	100.0%	

The information above is based on 30-year expectations developed with an investment consulting firm's 2024 long term capital market assumptions. 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 2.38%. All rates of return and inflation are annualized figures. Source data provided in the 2023 Annual Comprehensive Financial Report published on website of the NC Office of State Controller.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will

Pettigrew Regional Library Notes to Financial Statements

be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Library's proportionate share of the net pension liability to changes in the discount rate. The following presents the Library's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Library's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Library's proportionate share of the net position liability (asset)	\$ 679,275	\$ 392,087	\$ 155,647

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.

2. Risk Management

The Library 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 Library is covered by several different companies for its insurance needs. Through these companies, the Library obtains general liability and auto liability coverage for \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to the statutory limits, and employee health coverage up to a \$2 million lifetime limit. These companies include The Hartford, US Liability Insurance Co., and RLI Surety. For workers' compensation, the Library has The Hartford.

The Library carries commercial insurance for all risks of loss. 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 Library does not carry flood insurance through the National Flood Insurance Plan (NFIP), but counties do. Because the Library is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the Library is eligible to purchase coverage of \$500,000 per structure through the NFIP. The Library also is eligible to but has not purchased commercial flood insurance for another \$1,000,000 of coverage per structure.

Pettigrew Regional Library Notes to Financial Statements

In accordance with G.S. 159-29, the Library's employees that have access to \$100 or more at any given time of the Library's funds are performance bonded through a commercial surety bond. The Finance Officer is individually bonded for \$200,000.

3. Long-Term Obligations

a. Leases

The Library has entered into an agreement to lease certain equipment. The lease agreement qualifies as other than short-term leases under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of its inception.

The agreement was executed on June 30, 2023, to lease various printers and copiers and requires 60 monthly payments of \$1,304, plus \$160 for property damage surcharge. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3%, which is the stated rate in the lease agreement. As a result of the lease, the Library has recorded a right to use asset with a net book value of \$58,913 at June 30, 2024. The right to use asset is discussed in more detail in the Asset section A.4. of this note.

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2024 were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2025	\$ 14,073	\$ 1,575	\$ 15,648
2026	14,501	1,147	15,648
2027	14,942	706	15,648
2028	15,397	251	15,648
Total	\$ 58,913	\$ 3,679	\$ 62,592

b. Changes in Long-Term Liabilities

The following is a summary of changes in the Library's long-term obligations for the fiscal year ended June 30, 2024:

	Balance June 30, 2023	Increases	Decreases	Balance June 30, 2024	Current Portion of Balance
Governmental activities:					
Compensated absences	\$ 29,763	\$ 1,641	\$ -	\$ 31,404	\$ 7,851
Lease liabilities	72,571	-	13,658	58,913	14,073
Net pension liability (LGRS)	315,920	76,167	-	392,087	-
Total governmental activities	\$ 418,254	\$ 77,808	\$ 13,658	\$ 482,404	\$ 21,924

**Pettigrew Regional Library
Notes to Financial Statements**

C. Fund Balance

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

Total fund balance - General Fund	\$ 555,461
Less:	
Stabilization by State Statute	23,210
Other funding	145,498
Appropriated Fund Balance in 2025 budget	131,697
Working Capital / Fund Balance Policy	160,977
Remaining Fund Balance	94,079

The Pettigrew Regional Library has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Library in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

III. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Library 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.

Pettigrew Regional Library
Proportionate Share of Net Pension Liability (Asset)
Local Government Employees' Retirement System
Required Supplementary Information
Last Ten Years
Schedule 1

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Library's proportion of the net pension liability (asset) (%)	0.00592%	0.00560%	0.00527%	0.00591%	0.00598%	0.00522%	0.06270%	0.03390%	0.03060%	0.03130%
Library's proportionate share of the net pension liability (asset) (\$)	\$ 392,087	\$ 315,920	\$ 80,821	\$ 211,189	\$ 163,309	\$ 123,836	\$ 95,788	\$ 123,307	\$ 28,454	\$ (35,267)
Library's covered-employee payroll	\$ 567,323	\$ 508,928	\$ 506,622	\$ 636,921	\$ 529,743	\$ 548,786	\$ 546,829	\$ 477,660	\$ 513,288	\$ 467,271
Library's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	69.11%	62.08%	15.95%	33.16%	30.83%	22.57%	17.51%	25.83%	5.54%	-7.54%
Plan fiduciary net position as a percentage of the total pension liability	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%

Pettigrew Regional Library
Schedule of Contributions
Local Governmental Employees' Retirement System
Required Supplementary Information
Last Ten Years
Schedule 2

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 82,670	\$ 66,569	\$ 56,150	\$ 50,059	\$ 47,512	\$ 41,691	\$ 38,415	\$ 38,278	\$ 33,436	\$ 36,201
Contributions in relation to the contractually required contribution	82,670	66,569	56,150	50,059	47,512	41,691	38,415	38,278	33,436	36,201
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library's covered-employee payroll	\$ 653,124	\$ 567,323	\$ 508,928	\$ 506,622	\$ 636,921	\$ 529,743	\$ 548,786	\$ 546,829	\$ 477,660	\$ 513,288
Contributions as a percentage of covered-employee payroll	12.66%	11.73%	11.03%	9.88%	7.46%	7.87%	7.00%	7.00%	7.00%	7.05%

Pettigrew Regional Library
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2024
Schedule 3

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
State and federal			
State Grant	\$ 440,150	\$ 440,150	\$ -
LSTA grant	7,083	7,083	-
NC Arts Council	23,389	23,389	-
E-Rate reimbursements	28,064	26,546	(1,518)
SFRF Nonrecurring Aid to Libraries	159,431	-	(159,431)
Total State and federal revenues	658,117	497,168	(160,949)
Local			
Interest income	4,000	20,689	16,689
Gifts and donations	5,200	6,548	1,348
Miscellaneous	6,000	7,753	1,753
County donations	11,000	10,262	(738)
Fines and fees	25,000	24,022	(978)
Local	30,800	794	(30,006)
Discretionary	8,535	9,907	1,372
Chowan County	211,327	212,327	1,000
Tyrrell County	146,696	146,696	-
Washington County	205,000	205,000	-
Perquimans County	207,000	207,000	-
Total local revenues	860,558	850,998	(9,560)
TOTAL REVENUES	1,518,675	1,348,166	(170,509)
EXPENDITURES			
State and federal			
Salaries	390,729	377,138	13,591
Unemployment	144	140	4
Social Security	29,891	26,733	3,158
Group insurance expense	48,900	48,804	96
Retirement	47,006	46,409	597
Telecommunications	9,300	9,428	(128)
Postage	750	749	1
Utilities	3,380	3,159	221
Leased - equipment	5,500	5,500	-
Travel and training	4,000	3,664	336
Printing	150	153	(3)
Hardware	3,000	2,733	267
Software Lease	1,000	999	1
Supplies	8,000	7,265	735
NC Grassroots Arts Program	23,389	23,389	-
Contract Services	41,725	41,161	564

Pettigrew Regional Library
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2024
Schedule 3

	Final Budget	Actual	Variance Positive (Negative)
Insurance expenses	2,100	2,092	8
Non-recurring expenditures	-	12,768	(12,768)
Capital outlay - Non-recurring	105,343	92,575	12,768
Maintenance and repairs - vehicles	1,194	1,154	40
Dues and subscriptions	700	601	99
LSTA - Bright Ideas	7,859	7,855	4
Total state and federal expenditures	734,060	714,469	19,591
Local			
Salaries	359,446	354,600	4,846
Social Security	27,498	26,422	1,076
Unemployment	2,075	-	2,075
Group insurance expense	68,617	58,116	10,501
Retirement	35,373	36,261	(888)
Materials	67,537	63,113	4,424
Periodicals	9,566	8,448	1,118
Online data bases	1,500	1,497	3
Cataloging and acquisition	14,200	14,004	196
Telecommunications	39,490	35,961	3,529
Printing	700	235	465
Postage	2,900	1,819	1,081
Utilities	45,764	41,219	4,545
Travel and training	7,900	6,678	1,222
Leased - equipment	3,052	3,040	12
Supplies	18,270	16,744	1,526
Hardware support	48,280	45,034	3,246
Software license	23,000	22,708	292
Contracted services	15,360	7,700	7,660
Interlibrary loan	600	597	3
Dues and subscriptions	1,270	1,144	126
Insurance and bonds	4,270	2,397	1,873
Miscellaneous	11,000	9,750	1,250
Programming	12,347	10,778	1,569
Capital outlay	25,206	24,433	773

**Pettigrew Regional Library
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual
For the Fiscal Year Ended June 30, 2024
Schedule 3**

	Final Budget	Actual	Variance Positive (Negative)
Security system - PQ	6,302	6,301	1
Discretionary	8,535	7,073	1,462
Total local expenditures	860,058	806,072	53,986
Debt Service			
Principal retirement	13,658	13,658	-
Interest and other charges	1,990	1,990	-
Total debt service	15,648	15,648	-
TOTAL EXPENDITURES	1,609,766	1,536,189	73,577
Revenues over (under) expenditures	(91,091)	(188,023)	(96,932)
Other financing sources			
Appropriated fund balance	91,091	-	(91,091)
Total debt service	91,091	-	(91,091)
Net change in fund balance	\$ -	(188,023)	\$ (188,023)
Fund balance-beginning		743,484	
Fund balance-ending		\$ 555,461	

**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 Board of Directors
Pettigrew Regional Library Inc.
Plymouth, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and the major fund of Pettigrew Regional Library, North Carolina as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises Pettigrew Regional Library's basic financial statements, and have issued our report thereon dated January 27, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pettigrew Regional Library's internal control over financial reporting (internal control) a basis for designing the 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 Pettigrew Regional Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Jeff Burt". The signature is written in a cursive style with a large initial "J" and "B".

Belhaven, North Carolina
January 27, 2025