
TOWN OF LANSING

Financial Statements, Supplemental Schedules,
and Independent Auditor's Report
For the Year Ended June 30, 2019

C. Randolph CPA, PLLC
Certified Public Accountant

TOWN OF LANSING

Town Officials

Town Council Members

Dylan Lightfoot, Mayor
Jack Brown
Cheyenne Blevins
Jim Blevins
Matthew Cordell
Tom Richardson

Administrative and Financial Staff

Beth Johnson, Finance Officer
Marcy Little, Town Clerk

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Independent Auditor's Report

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Lansing, North Carolina, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Lansing, North Carolina, as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Town of Lansing, North Carolina. The 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.

The individual fund statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by me. In my opinion, based on my audit and the procedures performed as described above, individual fund statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

C. Randolph CPA, PLLC

West Jefferson, North Carolina
October 30, 2019

Management's Discussion and Analysis

As management of Town of Lansing, we offer readers of Town of Lansing's financial statements this narrative overview and analysis of the financial activities of Town of Lansing for the fiscal year ended June 30, 2019. 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.

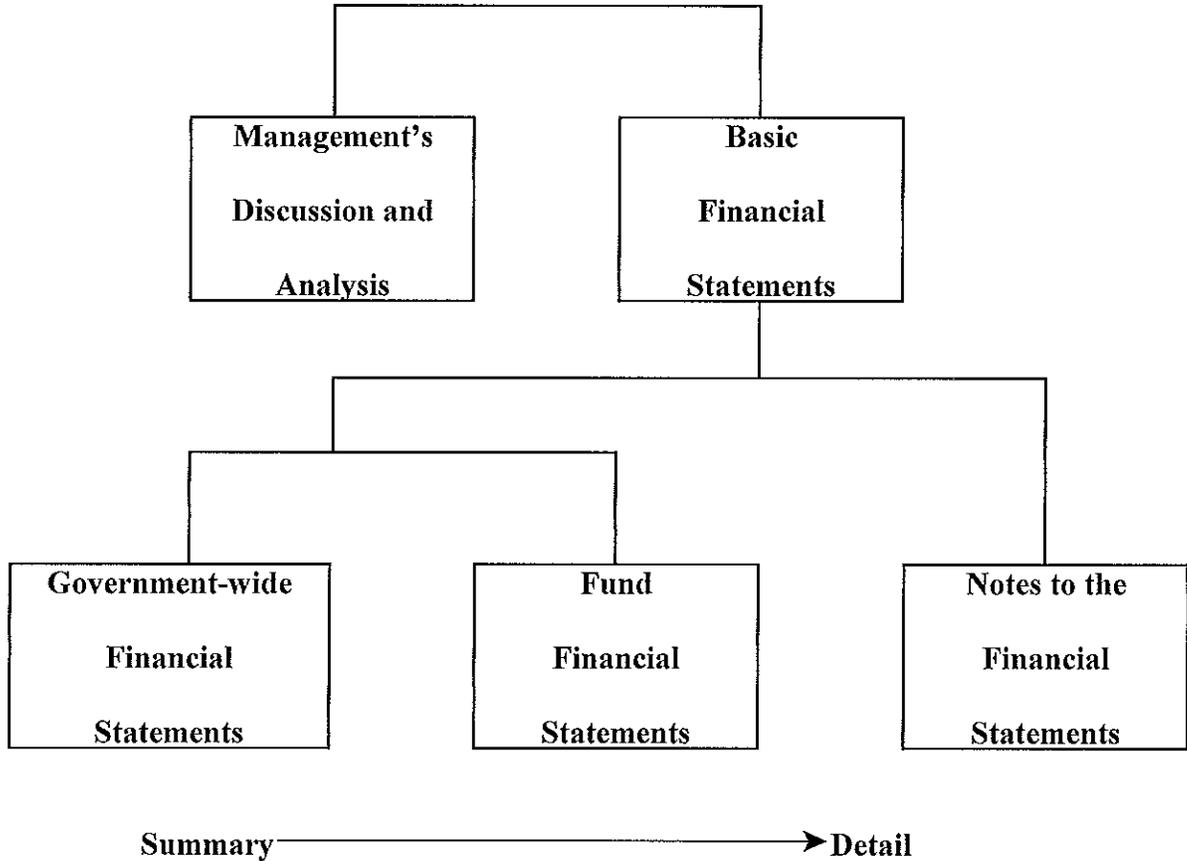
Financial Highlights

- The assets and deferred outflows of resources of Town of Lansing exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,062,692 (net position).
- The Town's total net position increased by \$27,623.
- As of the close of the current fiscal year, Town of Lansing's governmental funds reported combined ending fund balances of \$152,941 with a net increase of \$23,729 in fund balance. Approximately 84% of this total amount, or \$128,260, is available for spending at the Town's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$128,260, or 100% of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

**Required Components of Annual Financial Report
Figure 1**



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town’s financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town’s government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Lansing.

The government-wide financial statements are Exhibits 1 and 2 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. Town of Lansing, 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 Town of Lansing can be divided into two categories: governmental funds and proprietary funds.

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

Town of Lansing 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 statements 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 - Town of Lansing has one kind of proprietary fund. Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Lansing uses enterprise funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and Statement of Activities.

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

Interdependence with Other Entities - Town of Lansing depends on financial resources flowing from, or associated with, both 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. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

Town of Lansing's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 160,616	\$ 136,173	\$ 70,668	\$ 56,886	\$ 231,284	\$ 193,059
Capital assets	<u>1,195,191</u>	<u>1,183,906</u>	<u>649,204</u>	<u>674,931</u>	<u>1,844,395</u>	<u>1,858,837</u>
Total assets and deferred outflows of resources	<u>1,355,807</u>	<u>1,320,079</u>	<u>719,872</u>	<u>731,817</u>	<u>2,075,679</u>	<u>2,051,896</u>
Long-term liabilities outstanding	604	5,656	-	-	604	5,656
Other liabilities	<u>8,298</u>	<u>7,967</u>	<u>4,085</u>	<u>3,204</u>	<u>12,383</u>	<u>11,171</u>
Total liabilities and deferred inflows of resources	<u>8,902</u>	<u>13,623</u>	<u>4,085</u>	<u>3,204</u>	<u>12,987</u>	<u>16,827</u>
Net position:						
Net investment in capital assets	1,189,535	1,173,198	649,204	674,931	1,838,739	1,848,129
Restricted	24,681	19,833	-	-	24,681	19,833
Unrestricted	<u>132,689</u>	<u>113,425</u>	<u>66,583</u>	<u>53,682</u>	<u>199,272</u>	<u>167,107</u>
Total net position	<u>\$ 1,346,905</u>	<u>\$ 1,306,456</u>	<u>\$ 715,787</u>	<u>\$ 728,613</u>	<u>\$ 2,062,692</u>	<u>\$ 2,035,069</u>

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 Town of Lansing exceeded liabilities and deferred inflows by \$2,062,692 as of June 30, 2019. The Town's net position increased by \$27,623 for the fiscal year ended June 30, 2019. However, the largest portion (89%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Lansing uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Lansing's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Lansing' net position, \$24,681 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$199,272 is unrestricted.

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

- The Town has a property tax collection rate of 90.12%, which is consistent with the prior year.

Town of Lansing's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 55,822	\$ 52,730	\$ 55,822	\$ 52,730
Operating grants and contributions	42,768	5,868	-	-	42,768	5,868
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	30,616	22,689	-	-	30,616	22,689
Grants and contributions not restricted to specific programs	71,922	54,249	-	-	71,922	54,249
Investment earnings	2,010	1,302	-	-	2,010	1,302
Miscellaneous	<u>4,874</u>	<u>9,594</u>	<u>-</u>	<u>-</u>	<u>4,874</u>	<u>9,594</u>
Total revenues	<u>152,190</u>	<u>93,702</u>	<u>55,822</u>	<u>52,730</u>	<u>208,012</u>	<u>146,432</u>
Expenses:						
General government	107,513	120,993	-	-	107,513	120,993
Public safety	2,500	2,500	-	-	2,500	2,500
Transportation	1,728	3,108	-	-	1,728	3,108
Water and sewer	-	-	<u>68,648</u>	<u>63,196</u>	<u>68,648</u>	<u>63,196</u>
Total expenses	<u>111,741</u>	<u>126,601</u>	<u>68,648</u>	<u>63,196</u>	<u>180,389</u>	<u>189,797</u>
Increase in net position	<u>\$ 40,449</u>	<u>\$ (32,899)</u>	<u>\$ (12,826)</u>	<u>\$ (10,466)</u>	<u>\$ 27,623</u>	<u>\$ (43,365)</u>
Net position, July 1, as previously reported	\$1,306,456	\$1,339,355	\$ 728,613	\$ 746,729	\$2,035,069	\$2,086,084
Prior period adjustment	-	-	-	<u>(7,650)</u>	-	<u>(7,650)</u>
Net position, July 1, as restated	1,306,456	1,339,355	728,613	739,079	2,035,069	2,078,434
Increase (decrease) in net position	<u>40,449</u>	<u>(32,899)</u>	<u>(12,826)</u>	<u>(10,466)</u>	<u>27,623</u>	<u>(43,365)</u>
Net position - June 30	<u>\$1,346,905</u>	<u>\$1,306,456</u>	<u>\$ 715,787</u>	<u>\$ 728,613</u>	<u>\$2,062,692</u>	<u>\$2,035,069</u>

Governmental Activities - Governmental activities increased the Town's net position by \$40,449. Key elements of this increase are as follows:

- General government expense decreased by \$13,480.
- Several new grants were received in the current year.

Business-type activities: Business-type activities decreased the Town of Lansing's net position by \$12,826. Key elements of this decrease are as follows:

- Depreciation of capital assets.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of Town of Lansing. At the end of the current fiscal year, Town of Lansing fund balance available in the general fund was \$128,260 while total fund balance reached \$152,941. The Governing Body of the Town of Lansing has determined that the Town should maintain an available fund balance of 10 percent of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 100% of General Fund expenditures, while total fund balance represents 119% of the same amount.

At June 30, 2019, the governmental funds of Town of Lansing reported a combined fund balance of \$152,941, with a net increase in fund balance of \$23,729. Included in this change in fund balance is an increase in the General Fund.

General Fund Budgetary Highlights - During the fiscal year, the Town revised the budget three times. 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.

There were several reasons the town revised its budget throughout the year. The Town amended the budget to accurately reflect changes in expenditures in the General Fund.

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 Water and Sewer Fund at the end of the fiscal year amounted to \$66,583. The total change in net position was \$(12,826). Other factors concerning the finances of this fund have already been addressed in the discussions of the Town's business-type activities.

Capital Assets and Debt Administration

Capital Assets - Town of Lansing's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$1,844,395 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, water facilities, and sewer facilities.

Major capital asset transactions during the year include the following:

- Town park restroom expansion of \$29,650.
- LED digital sign.

Town of Lansing's Capital Assets (net of depreciation)

Figure 4

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 643,271	\$ 643,271	\$ 10,300	\$ 10,300	\$ 653,571	\$ 653,571
Construction in progress	29,650	-	-	-	29,650	-
Buildings and systems	461,002	473,712	638,904	664,631	1,099,906	1,138,343
Improvements other than buildings	48,883	52,219	-	-	48,883	52,219
Machinery and equipment	<u>12,385</u>	<u>14,704</u>	<u>-</u>	<u>-</u>	<u>12,385</u>	<u>14,704</u>
Total	<u>\$1,195,191</u>	<u>\$ 1,183,906</u>	<u>\$ 649,204</u>	<u>\$ 674,931</u>	<u>\$1,844,395</u>	<u>\$1,858,837</u>

Additional information on the Town's capital assets can be found in Note III. 4 of the Basic Financial Statements.

Long-Term Debt. As of June 30, 2019, the Town of Lansing had total outstanding debt of \$5,656.

Outstanding Debt

Figure 5

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Installment purchases	<u>\$ 5,656</u>	<u>\$ 10,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,656</u>	<u>\$ 10,708</u>

As of June 30, 2017, the Town entered into two loan agreements totaling \$16,464 for the purchase of equipment.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for the Town of Lansing is \$652,150. The Town has \$0- in bonds authorized but unissued at June 30, 2019.

Additional information regarding the Town of Lansing's long-term debt can be found in Note III. 4 beginning on page 31 of this report.

Economic Factors and Next Year's Budgets and Rates

The following are some of the components that have reflected the economic condition of the Town of Lansing and prospects for the future:

- The Town continues to experience growth in new business.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental activities:

- Collections from unrestricted intergovernmental taxes are expected to slightly increase from the prior year budget. The Town is increasing the tax rate to .40 per 100 for 2019-2020.
- The historic Lansing Creeper Trail restroom facility will be completed in 2019-2020.

Management believes that increased revenues and continued restrictions on spending will maintain the Town's financial position. Though management believes current growth will generate enough revenue to support Town operations, a careful analysis of property tax revenue will be considered in future years' budgets.

Business-type Activities:

- Water and sewer rates will remain the same as in the prior year. General operating expenses are expected to slightly increase from the prior year budget.

Requests for Information

This report is designed to provide an overview of the Town'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 Finance Director, Town of Lansing, PO Box 226, Lansing, NC 28643. You can also call (336) 384-3938 for more information or send an email to townoflansing@skybest.com.

TOWN OF LANSING

Exhibit 1

**Statement of Net Position
June 30, 2019**

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 131,506	\$ 57,129	\$ 188,635
Taxes receivable (net)	4,429	-	4,429
Accounts receivable (net)	-	10,239	10,239
Due from other governments	10,652	-	10,652
Restricted cash and cash equivalents	14,029	3,300	17,329
Total current assets	<u>160,616</u>	<u>70,668</u>	<u>231,284</u>
Noncurrent assets:			
Capital assets:			
Land, non-depreciable improvements	643,271	10,300	653,571
Other capital assets, net of depreciation	551,920	638,904	1,190,824
Total capital assets	<u>1,195,191</u>	<u>649,204</u>	<u>1,844,395</u>
Total assets	<u>1,355,807</u>	<u>719,872</u>	<u>2,075,679</u>
<u>Liabilities</u>			
Accounts payable	3,246	785	4,031
Current portion of long-term debt	5,052	-	5,052
Customer deposits	-	3,300	3,300
Long-term liabilities:			
Due in more than one year	604	-	604
Total liabilities	<u>8,902</u>	<u>4,085</u>	<u>12,987</u>
<u>Net Position</u>			
Net investment in capital assets	1,189,535	649,204	1,838,739
Restricted for:			
Streets - Powell Bill	14,029	-	14,029
Stabilization by State Statute	10,652	-	10,652
Unrestricted	132,689	66,583	199,272
Total net position	<u>\$ 1,346,905</u>	<u>\$ 715,787</u>	<u>\$ 2,062,692</u>

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

TOWN OF LANSING

Exhibit 2

Statement of Activities For the Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 107,513	\$ -	\$ 37,000	\$ -	\$ (70,513)	\$ -	\$ (70,513)
Public safety	2,500	-	-	-	(2,500)	-	(2,500)
Transportation	1,728	-	5,768	-	4,040	-	4,040
Total government activities	<u>111,741</u>	<u>-</u>	<u>42,768</u>	<u>-</u>	<u>(68,973)</u>	<u>-</u>	<u>(68,973)</u>
Business-type activities:							
Water and sewer	68,648	55,822	-	-	-	(12,826)	(12,826)
Total business-type activities	<u>68,648</u>	<u>55,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,826)</u>	<u>(12,826)</u>
Total primary government	<u>\$ 180,389</u>	<u>\$ 55,822</u>	<u>\$ 42,768</u>	<u>\$ -</u>	<u>(68,973)</u>	<u>(12,826)</u>	<u>(81,799)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					30,616	-	30,616
Grants and other contributions not restricted to specific programs					71,922	-	71,922
Unrestricted investment earnings					2,010	-	2,010
Miscellaneous					4,874	-	4,874
Total general revenues not including transfers					<u>109,422</u>	<u>-</u>	<u>109,422</u>
Change in net position					40,449	(12,826)	27,623
Net position, beginning					1,306,456	728,613	2,035,069
Net position, ending					<u>\$ 1,346,905</u>	<u>\$ 715,787</u>	<u>\$ 2,062,692</u>

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

TOWN OF LANSING

Exhibit 3

**Balance Sheet
Governmental Funds
June 30, 2019**

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 131,506	\$ 131,506
Restricted cash	14,029	14,029
Receivables, net:		
Taxes	4,429	4,429
Due from other governments	<u>10,652</u>	<u>10,652</u>
Total assets	<u>\$ 160,616</u>	<u>\$ 160,616</u>
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 3,246	\$ 3,246
Total liabilities	<u>3,246</u>	<u>3,246</u>
<u>Deferred inflows of resources</u>		
Property taxes receivable	<u>4,429</u>	<u>4,429</u>
Total deferred inflows of resources	<u>4,429</u>	<u>4,429</u>
<u>Fund balances</u>		
Restricted:		
Stabilization by State Statute	10,652	10,652
Streets - Powell Bill	14,029	14,029
Assigned:		
Unassigned	<u>128,260</u>	<u>128,260</u>
Total fund balances	<u>152,941</u>	<u>152,941</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 160,616</u>	<u>\$ 160,616</u>

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

TOWN OF LANSING

Exhibit 4

**Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2019**

Total fund balances, governmental fund \$ 152,941

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

Capital assets used in governmental activities are not financial resources
and therefore, are not reported in the funds.

Gross capital assets at historical cost	\$ 1,336,619	
Accumulated depreciation	<u>(141,428)</u>	1,195,191

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

Property taxes receivable	4,429
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Long-term liabilities used in governmental activities are not financial uses
and therefore are not reported in the funds

Long-term debt	<u>(5,656)</u>
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Net position of governmental activities	<u>\$ 1,346,905</u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF LANSING

Exhibit 5

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year ended June 30,2019**

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:		
Ad valorem taxes	\$ 30,234	\$ 30,234
Unrestricted intergovernmental	71,922	71,922
Restricted intergovernmental	42,768	42,768
Investment earnings	2,010	2,010
Miscellaneous	4,874	4,874
Total revenues	<u>151,808</u>	<u>151,808</u>
Expenditures:		
General government	86,579	86,579
Public safety	2,500	2,500
Transportation	1,728	1,728
Capital outlay	32,220	32,220
Debt service:		-
Principal	5,052	5,052
Interest	-	-
Total expenditures	<u>128,079</u>	<u>128,079</u>
Revenues over (under) expenditures	23,729	23,729
Other Financing Sources (Uses):		
Transfer to other funds	<u>-</u>	<u>-</u>
Net change in fund balances	23,729	23,729
Fund balances, beginning	<u>129,211</u>	<u>129,211</u>
Fund balances, ending	<u>\$ 152,941</u>	<u>\$ 152,941</u>

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

TOWN OF LANSING

Exhibit 6

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019**

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

Net changes in fund balances - total governmental funds	\$ 23,729
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	32,220
Depreciation expense for governmental assets	(20,935)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	5,052
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	<u>383</u>
--	------------

Total changes in net position of governmental activities	<u>\$ 40,449</u>
--	------------------

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

TOWN OF LANSING

Exhibit 7
Page 1 of 3

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Ad valorem taxes:				
Current year	\$ -	\$ -	\$ 24,211	\$ -
Prior years	-	-	6,000	-
Penalties and interest	-	-	23	-
Total	<u>31,007</u>	<u>31,007</u>	<u>30,234</u>	<u>(773)</u>
Unrestricted intergovernmental revenues:				
NCDOT	-	-	14,600	-
Local option sales tax	-	-	49,213	-
Utilities franchise tax	-	-	8,109	-
Total	<u>51,345</u>	<u>51,345</u>	<u>71,922</u>	<u>20,577</u>
Restricted intergovernmental revenues:				
Local Capacity grant	-	-	7,000	-
Economic Development grant	-	-	25,000	-
NC Rural Center REDI grant	-	-	5,000	-
Powell Bill street aid allocation	-	-	5,768	-
Total	<u>5,868</u>	<u>5,868</u>	<u>42,768</u>	<u>36,900</u>
Investment earnings	<u>1,228</u>	<u>1,228</u>	<u>2,010</u>	<u>782</u>
Miscellaneous	<u>3,352</u>	<u>3,352</u>	<u>4,874</u>	<u>1,522</u>
Total revenues	<u>92,800</u>	<u>92,800</u>	<u>151,808</u>	<u>59,008</u>

cont.

TOWN OF LANSING

Exhibit 7
Page 2 of 3

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Expenditures:				
General government:				
Administration:				
Salaries and employee benefits	\$ -	\$ -	\$ 28,419	\$ -
Professional services	-	-	21,282	-
Insurance and bonds	-	-	4,552	-
Other operating expenses	-	-	32,326	-
	82,264	85,539	86,579	(1,040)
Elections:				
Contracted services	1,529	1,529	-	1,529
Total general government	83,793	87,068	86,579	489
Public safety:				
Fire:				
Contributions to Lansing Volunteer Fire Department	-	-	2,500	-
Total public safety	2,500	2,500	2,500	-
Transporation:				
Streets and highways:				
Contracted services	-	-	1,728	-
Total transporation	1,791	1,791	1,728	63
Capital outlay:				
Improvements	-	74,475	32,220	42,255

cont.

TOWN OF LANSING

Exhibit 7

Page 3 of 3, cont.

**General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Debt service:				
Interest	\$ -	\$ -	\$ -	\$ -
Principal retirement	-	5,052	5,052	-
Total debt service	<u>5,052</u>	<u>5,052</u>	<u>5,052</u>	<u>-</u>
Contingency	<u>1,864</u>	<u>1,864</u>	<u>-</u>	<u>1,864</u>
Total expenditures	<u>95,000</u>	<u>172,750</u>	<u>128,079</u>	<u>44,671</u>
Revenues over (under) expenditures	<u>(2,200)</u>	<u>(79,950)</u>	<u>23,729</u>	<u>103,679</u>
Other Financing Sources (Uses):				
Transfer to other funds	-	(100)	-	100
Fund balance appropriated	<u>2,200</u>	<u>80,050</u>	<u>-</u>	<u>(80,050)</u>
Total other financing sources (uses)	<u>2,200</u>	<u>79,950</u>	<u>-</u>	<u>(79,950)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	23,729	<u>\$ 23,729</u>
Fund balance-beginning			<u>129,211</u>	
Fund balance - ending			<u>\$ 152,941</u>	

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

TOWN OF LANSING

Exhibit 8

Statement of Fund Net Position - Proprietary Fund
June 30, 2019

	Enterprise Fund Water and Sewer Fund
<u>Assets</u>	
Current assets:	
Cash and cash equivalents	\$ 57,129
Customer accounts receivable (net)	10,239
Restricted cash and cash equivalents	<u>3,300</u>
Total current assets	<u>70,668</u>
Noncurrent assets:	
Land and other-nondepreciable assets	10,300
Other capital assets, net of depreciation	<u>638,904</u>
Total noncurrent assets	<u>649,204</u>
Total assets	<u>719,872</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable and accrued liabilities	785
Customer deposits	<u>3,300</u>
Total current liabilities	<u>4,085</u>
<u>Net position</u>	
Net investment in capital assets	649,204
Unrestricted	<u>66,583</u>
Total net position	<u>\$ 715,787</u>

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

TOWN OF LANSING

Exhibit 9

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2019**

	Enterprise Fund
	Water and Sewer Fund
Operating Revenues:	
Water charges	\$ 28,867
Sewer charges	23,892
Late charges	2,934
Miscellaneous	<u>129</u>
 Total operating revenues	 <u>55,822</u>
 Operating Expenditures:	
Water and sewer operations	
Salaries and employee benefits	7,308
Utilities	9,085
Repairs and maintenance	7,250
Departmental supplies and materials	3,722
Water and sewer analysis	5,308
WWTP operator	8,700
Depreciation	25,726
Permits	1,290
Miscellaneous	<u>259</u>
 Total expenditures	 <u>68,648</u>
 Change in net position	 (12,826)
 Net position - beginning,	 <u>728,613</u>
 Net position - ending	 <u>\$ 715,787</u>

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

TOWN OF LANSING**Exhibit 10****Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019**

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
Cash Flows From Operating Activities:	
Cash received from customers and users	\$ 49,345
Cash paid for goods and services	(36,082)
Cash paid to employees	<u>(7,308)</u>
Net cash provided (used) by operating activities	<u>5,955</u>
Net increase (decrease) in cash and cash equivalents	5,955
Cash and cash equivalents - beginning of year	<u>54,474</u>
Cash and cash equivalents - end of year	<u>\$ 60,429</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:	
Operating income (loss)	\$ (12,826)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	25,726
Net changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(7,827)
Increase (decrease) in customer deposits	1,350
Increase (decrease) in accounts payable	<u>(469)</u>
Net cash provided (used) by operating activities	<u>\$ 5,955</u>

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

TOWN OF LANSING

Notes to the Financial Statements For the Year Ended June 30, 2019

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

Town of Lansing, North Carolina is a municipal corporation that is governed by an elected mayor and a five-member council.

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 particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principle 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 public safety and street maintenance and construction.

Capital Project Fund: This fund is used for the construction of the Lansing Town Park Expansion.

The Town reports the following major enterprise funds:

Water and Sewer Fund: This fund is used to account for the Town's water and sewer operations.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the 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 in which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include (a) charges to customers or applicants for goods, services, or privileges provided, (b) operating grants and contributions, and c) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to cover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as 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 the 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 utilities franchise tax, collected and held by the State at the year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Lansing because the tax is levied by Ashe 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 the program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Capital Projects Fund and the Enterprise Capital Projects Fund, which is consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for multi-year funds. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

During the year, four amendments to the original budget were necessary.

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

1. 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.

State law (G.S. 159-30 (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 reported at fair value. Nonparticipating interest earning investments contracts are accounted for at cost. The securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized costs, which is NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

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.

Town of Lansing Restricted Cash:

Governmental activities	
General Fund:	
Streets	\$ 14,029
Business-type activities	
Water and Sewer Fund:	
Customer deposits	<u>3,300</u>
Total restricted cash	<u>\$ 17,329</u>

4. Ad Valorem Taxes Receivable

In accordance with State Law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values of January 1, 2017. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. 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.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000 for land, building, improvements, infrastructure, furniture, equipment, and vehicles. Purchased or constructed capital assets are reported at cost of estimated historical cost. 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 capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	20
Buildings and equipment	50
Improvements	20
Vehicles	5
Furniture and equipment	10
Computer equipment	3

8. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has no items that meet this criterion. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has one item that meets the criterion for this category - property taxes receivable.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and 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 issue 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 fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs,

whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund 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.

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.

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

Restricted for Stabilization by State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Assigned Fund Balance - portion of fund balance that the Town intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

The Town of Lansing has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds and local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

The Town of Lansing has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of the budgeted expenditures. Any portion of the general fund balance in excess of 10% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

II. Stewardship, Compliance and Accountability

None noted.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the 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 this unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their 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 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 undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town 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 Town complies with provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 201, the Town's deposits had a carrying amount of \$205,914, and a bank balance of \$214,856. 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, 2019, the Town's petty cash fund totaled \$50.

2. Investments

At June 30, 2019, the Town had no investments.

Interest Rate Risk. The Town does not have a formal investment policy regarding interest rate risk.

Credit Risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limit the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible rating whenever particular types of securities are rated.

3. Receivables - Allowance for Doubtful Accounts

The amounts presented in the fund Balance Sheet and the Statement of Net Position for the year ended June 30, 2019 are net of the following allowances for doubtful accounts:

<u>Fund:</u>	
Enterprise Fund	\$ 1,500
General Fund - Taxes Receivable	<u>6,643</u>
Total	<u><u>\$ 8,143</u></u>

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2019 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 643,271	\$ -	\$ -	\$ 643,271
Construction in progress	<u>-</u>	<u>29,650</u>	<u>-</u>	<u>29,650</u>
Total capital assets not being depreciated	<u>643,271</u>	<u>-</u>	<u>-</u>	<u>672,921</u>
Capital assets being depreciated:				
Buildings	494,333	-	-	494,333
Other improvements	83,400	-	-	83,400
Equipment	<u>83,395</u>	<u>2,570</u>	<u>-</u>	<u>85,965</u>
Total capital assets being depreciated	<u>661,128</u>	<u>2,570</u>	<u>-</u>	<u>663,698</u>
Less accumulated depreciation for:				
Buildings	20,622	12,709	-	33,331
Other improvements	31,181	3,336	-	34,517
Equipment	<u>68,690</u>	<u>4,890</u>	<u>-</u>	<u>73,580</u>
Total accumulated depreciation	<u>120,493</u>	<u>20,935</u>	<u>-</u>	<u>141,428</u>
Total capital assets being depreciated, net	<u>540,635</u>			<u>522,270</u>
Governmental activity capital assets, net	<u>\$1,183,906</u>			<u>\$1,195,191</u>

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

General government	<u>\$ 20,935</u>
Total depreciation expense	<u><u>\$ 20,935</u></u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land	\$ 10,300	\$ -	\$ -	\$ 10,300
Total capital assets not being depreciated	<u>10,300</u>	<u>-</u>	<u>-</u>	<u>10,300</u>
Capital assets being depreciated:				
Plant and distribution systems	1,286,321	-	-	1,286,321
Machinery and equipment	<u>11,089</u>	<u>-</u>	<u>-</u>	<u>11,089</u>
Total capital assets being depreciated	<u>1,297,410</u>	<u>-</u>	<u>-</u>	<u>1,297,410</u>
Less accumulated depreciation for:				
Plant and distribution systems	621,690	25,726	-	647,416
Machinery and equipment	<u>11,089</u>	<u>-</u>	<u>-</u>	<u>11,089</u>
Total accumulated depreciation	<u>632,779</u>	<u>25,726</u>	<u>-</u>	<u>658,506</u>
Total capital assets being depreciated, net	<u>664,631</u>			<u>638,904</u>
Business-type activities capital assets, net	<u>\$ 674,931</u>			<u>\$ 649,204</u>

B. Liabilities

1. Pension Plan and Postemployment Obligations

The Town of Lansing has no law enforcement officers and all other employees work part-time. The Town has no retirement plan.

2. Deferred Outflows and Inflows of Resources

The Town has no deferred outflows of resources.

Deferred inflows of resources at year end is comprised of the following:

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable (General Fund), less penalties	<u>\$-0-</u>	<u>\$ 4,429</u>

3. 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 and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selection by Town Council each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Town Council can be obtained by contacting the Risk Management Services Department of

the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other 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 Town has no flood insurance due to lack of feasibility.

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. The finance officer is bonded for \$50,000 and town clerk is bonded for \$10,000.

4. Long-Term Obligations

General Obligation Indebtedness

a. Long term

In June 2017, the Town entered into an agreement with Cub Cadet for \$15,339 to finance the purchase of a mower. The financing contract requires monthly principal payments of \$296 beginning on July 1, 2017 at a 0% percent interest rate. The loan matures June 30, 2020. The loan balance at June 30, 2019 was \$5,656.

Annual debt service requirements to maturity for long-term obligations are as follows:

<u>Year</u>	<u>General Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 5,052	\$ -
2021	<u>604</u>	<u>-</u>
Total	<u>\$ 5,656</u>	<u>\$ -</u>

Changes in Long-Term Liabilities:

	Balance			Balance June 30, 2019	Current Portion of Long-term Debt
	July 1, 2018	Increases	Decreases		
	Governmental activities:				
Loan proceeds	<u>\$ 10,708</u>	<u>\$ -</u>	<u>\$ 5,052</u>	<u>\$ 5,656</u>	<u>\$ 5,052</u>

The legal debt margin for the Town of Lansing is \$652,150.

5. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2019, consist of the following:

None for the current year.

6. Net Investment in Capital Assets

	Governmental Activities	Business-Type Activities
Capital assets	\$ 1,195,191	\$ 649,204
Less: long-term debt	(5,656)	-
Add: unexpended debt proceeds	-	-
Net investment in capital asset	<u>\$ 1,189,535</u>	<u>\$ 649,204</u>

7. 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	<u>\$ 152,941</u>
Less:	
Stabilization by State Statute	10,652
Streets-Powell Bill	14,029
Remaining fund balance	128,260

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

V. Significant Effects of Subsequent Events

Management has evaluated subsequent events through October 30, 2019, the date on which the financial statements were available to be issued. During the period from the end of the year and through this date, no circumstances occurred that require recognition or disclosure in these financial statements.

**INDIVIDUAL FUND
STATEMENTS AND
OTHER SCHEDULES**

TOWN OF LANSING

Schedule 1

Page 1 of 3

**General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ -	24,211	\$ -
Prior years	-	6,000	-
Penalties and interest	-	23	-
Total	<u>31,007</u>	<u>30,234</u>	<u>(773)</u>
Unrestricted intergovernmental revenues:			
NCDOT	-	14,600	-
Local option sales tax	-	49,213	-
Utilities franchise tax	-	8,109	-
Total	<u>51,345</u>	<u>71,922</u>	<u>20,577</u>
Restricted intergovernmental revenues:			
Local capacity grant	-	7,000	-
Economic development grant	-	25,000	-
NC Rural Center REDI grant	-	5,000	-
Powell Bill street aid allocation	-	5,768	-
Total	<u>5,868</u>	<u>42,768</u>	<u>36,900</u>
Investment earnings	<u>1,228</u>	<u>2,010</u>	<u>782</u>
Miscellaneous	<u>3,352</u>	<u>4,874</u>	<u>1,522</u>
Total revenues	<u>92,800</u>	<u>151,808</u>	<u>59,008</u>
Expenditures:			
General government:			
Administration:			
Salaries and employee benefits	-	28,419	-
Professional services	-	21,282	-
Insurance and bonds	-	4,552	-
Other operating expenses	-	32,326	-
	<u>85,539</u>	<u>86,579</u>	<u>(1,040)</u>

cont.

TOWN OF LANSING

Schedule 1

Page 2 of 3

**General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Elections:			
Contracted services	\$ 1,529	\$ -	\$ 1,529
 Total general government	 <u>87,068</u>	 <u>86,579</u>	 <u>489</u>
 Public safety:			
Fire:			
Contributions to Lansing Volunteer Fire Department	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Total public safety	<u>2,500</u>	<u>2,500</u>	<u>-</u>
 Transporation:			
Streets and highways:			
Contracted services	<u>-</u>	<u>1,728</u>	<u>-</u>
Total transporation	<u>1,791</u>	<u>1,728</u>	<u>63</u>
 Capital outlay:			
Improvements	<u>74,475</u>	<u>32,220</u>	<u>42,255</u>
 Debt service:			
Interest	<u>-</u>	<u>-</u>	<u>-</u>
Principal retirement	<u>5,052</u>	<u>5,052</u>	<u>-</u>
Total debt service	<u>5,052</u>	<u>5,052</u>	<u>-</u>
 Contingency	<u>1,864</u>	<u>-</u>	<u>1,864</u>
 Total expenditures	 <u>172,750</u>	 <u>128,079</u>	 <u>44,671</u>
 Revenues over (under) expenditures	 <u>(79,950)</u>	 <u>23,729</u>	 <u>103,679</u> cont.

TOWN OF LANSING

Schedule 1

Page 3 of 3, cont.

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources (Uses):			
Proceeds from installment note	\$ -	\$ -	\$ -
Transfer to other funds	(100)	-	100
Fund balance appropriated	<u>80,050</u>	<u>-</u>	<u>(80,050)</u>
Total other financing sources (uses)	<u>79,950</u>	<u>-</u>	<u>(79,950)</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	23,729	<u>\$ 23,729</u>
Fund balance-beginning		<u>129,211</u>	
Fund balance - ending		<u>\$ 152,941</u>	

TOWN OF LANSING

Schedule 2

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Water and Sewer Fund

For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Water charges	\$ 20,462	\$ 28,867	\$ 8,405
Sewer charges	23,883	23,892	9
Late charges	2,149	2,934	785
Miscellaneous	<u>7,719</u>	<u>129</u>	<u>(7,590)</u>
 Total operating revenues	 <u>54,213</u>	 <u>55,822</u>	 <u>1,609</u>
 Expenditures:			
Operating expenditures:			
Water and sewer operations			
Salaries and employee benefits	7,867	7,308	559
Utilities	10,500	9,085	1,415
Repairs and maintenance	13,713	7,250	6,463
Departmental supplies and materials	3,978	3,722	256
Water and sewer analysis	5,744	5,308	436
WWTP operator	8,700	8,700	-
Permits	2,150	1,290	860
Miscellaneous	250	259	(9)
Contingency	<u>1,311</u>	<u>-</u>	<u>1,311</u>
 Total expenditures	 <u>54,213</u>	 <u>42,922</u>	 <u>11,291</u>
 Revenues over (under) expenditures	 <u>\$ -</u>	 12,900	 <u>\$ 12,900</u>
 Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:			
Depreciation		<u>(25,726)</u>	
Change in net position		<u>\$ (12,826)</u>	

TOWN OF LANSING

Schedule 3

**Schedule of Ad Valorem Taxes Receivable
June 30, 2019**

<u>Fiscal year:</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 28,779	\$ 26,312	\$ 2,467
2017-2018	2,546	-	1,039	1,507
2016-2017	2,309	-	303	2,006
2015-2016	2,314	-	353	1,961
2014-2015	921	-	209	712
2013-2014	555	-	448	107
2012-2013	574	-	353	221
2011-2012	614	-	407	207
2010-2011	607	-	358	249
2009-2010	268	183	-	451
2008-2009	215	-	215	-
	<u>\$ 10,923</u>	<u>\$ 28,962</u>	<u>\$ 29,997</u>	9,888
Less: allowance for uncollectible accounts:				<u>(5,933)</u>
Balance				<u>\$ 3,955</u>
Reconciliation With Revenues:				
Ad valorem taxes - General Fund				\$ 30,234
Taxes written off				(215)
Less interest collected				<u>(22)</u>
Total collections and credits				<u>\$ 29,997</u>

TOWN OF LANSING

Schedule 4

**Analysis of Current Tax Levy
Town -Wide Levy
June 30, 2019**

	<u>Town-Wide</u>		<u>Total Levy</u>		
	<u>Property</u>	<u>Rate</u>	<u>Amount</u>	<u>Property</u>	<u>Registered</u>
	<u>Valuation</u>			<u>of Levy</u>	
				<u>Registered</u>	<u>Motor</u>
				<u>Vehicles</u>	<u>Vehicles</u>
Original levy:					
Property taxes at current year's rate	\$ 7,137,429	0.35	\$ 24,981	\$ 24,981	\$ -
Registered motor vehicles at current year's rate	<u>1,085,143</u>	0.35	<u>3,798</u>	<u>-</u>	<u>3,798</u>
Total property valuation	<u>\$ 8,222,572</u>		<u>\$ 28,779</u>	<u>\$ 24,981</u>	<u>\$ 3,798</u>
Net levy			\$ 28,779	\$ 24,981	\$ 3,798
Uncollected taxes at June 30, 2018			<u>(2,467)</u>	<u>(2,467)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 26,312</u>	<u>\$ 22,514</u>	<u>\$ 3,798</u>
Current levy collection percentage			<u>91.43%</u>	<u>90.12%</u>	<u>100.00%</u>