

TOWN OF LASKER
LASKER, NORTH CAROLINA
JUNE 30, 2019

REPORT ON
TOWN OF LASKER, NORTH CAROLINA
YEAR ENDED JUNE 30, 2019

MAYOR
DICK COLLIER

TOWN CLERK
JUDY COLLIER

COMMISSIONERS
CHARLES DAUGHTRY
JOAN LASSITER

STEVIE FLYTHE

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JUNE 30, 2019**

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Lasker, 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 of Lasker'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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

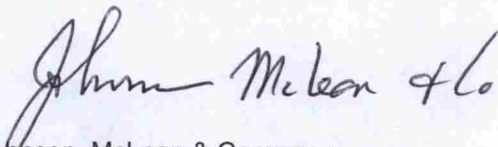
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lasker's basic financial statements. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial 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 audit standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor 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.

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.



Johnson, McLean & Company
Murfreesboro, North Carolina

September 19, 2019

Management's Discussion and Analysis

As management of the Town of Lasker, we offer readers of the Town of Lasker's financial statements this narrative overview and analysis of the financial activities of the Town of Lasker 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

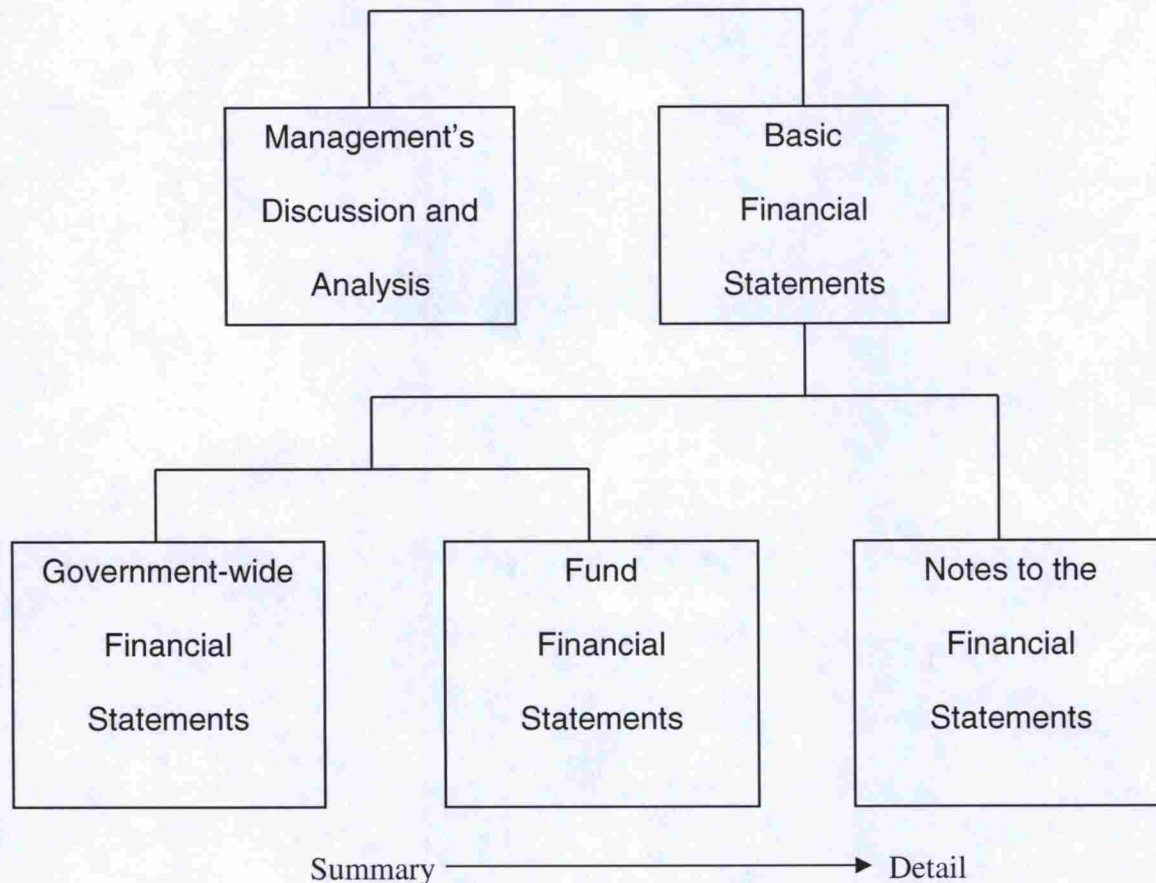
- The assets of the Town of Lasker *exceeded* its liabilities at the close of the fiscal year by \$169,070 (*net assets*).
- The government's total net assets increased by \$10,198 primarily due to *increases* in the *governmental type* activities net assets.
- As of the close of the current fiscal year, the Town of Lasker's governmental funds reported combined ending fund balances of \$85,536 *an increase* of \$11,018 in comparison with the prior year. Approximately 56.2 percent of this total amount, or \$48,064, is available for spending at the government's discretion (**unreserved fund balance**).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$48,064 or 126.5 percent of total general fund expenditures for the fiscal year.
- The Town maintains an outstanding credit rating.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits C through E) 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 two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

Management Discussion and Analysis- Town of Lasker

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

Government-wide Financial Statements

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

The two government-wide statements report the Town's net assets and how they have changed. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets is one way to gauge the Town's condition.

The government-wide statements are one category: 1) governmental 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 government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Lasker, 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 Lasker can be one category: governmental 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* that 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 Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Management Discussion and Analysis-
Town of Lasker

The Town of Lasker adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 8-14 of this report.

The Town of Lasker's Net Assets

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2018	2019	2018	2019	2018	2019
Current and other assets	\$ 78,217	\$ 89,103	\$ -	\$ -	\$ 78,217	\$ 89,103
Capital assets	87,242	81,229	-	-	87,242	81,229
Total assets	165,459	170,332	-	-	165,459	170,332
Long-term liabilities outstanding						
Other liabilities	6,587	1,262	-	-	6,587	1,262
Total liabilities	6,587	1,262	-	-	6,587	1,262
Net assets:						
Invested in capital assets, net of related debt	87,242	81,229	-	-	87,242	81,229
Restricted	20,191	24,172	-	-	20,191	24,172
Unrestricted	51,439	63,669	-	-	51,439	63,669
Total net assets	\$ 158,872	\$ 169,070	\$ -	\$ -	\$ 158,872	\$ 169,070

- As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Lasker exceeded liabilities by \$169,070 as of June 30, 2019. The Town net assets *increased* by \$11,018 for the fiscal year ended June 30, 2019. However, the largest portion (48.04%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Lasker uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Lasker's 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 Lasker's net assets (14.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$63,669 (37.6%) is unrestricted.

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

Management Discussion and Analysis- Town of Lasker

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.45%, which is comparable to the statewide average of 97.03%

Town of Lasker's Changes in Net Assets

Figure 3

	2018	2019	2018	2019	2018	2019
Revenues:						
Program revenues:						
Capital grants and contributions	\$ 3,906	\$ 3,851	\$ -	\$ -	\$ 3,906	\$ 3,851
General revenues:						
Property taxes	9,553	9,665	-	-	9,553	9,665
Other taxes	32,858	34,588	-	-	32,858	34,588
Other	-	230	-	-	-	230
Total revenues	46,317	48,334	-	-	46,317	48,334
Expenses:						
General government	34,147	25,416	-	-	34,147	25,416
Highways/streets	4,016	12,520	-	-	4,016	12,520
Environmental Protection	211	200	-	-	211	200
Total expenses	38,374	38,136	-	-	38,374	38,136
Increase in net assets before transfers	8,049	10,198	-	-	8,049	10,198
Net assets, July 1	150,854	158,872	-	-	150,854	158,872
Net assets, June 30	\$ 158,903	\$ 169,070	\$ -	\$ -	\$ 158,903	\$ 169,070

Management Discussion and Analysis- Town of Lasker

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Lasker's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Lasker's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Lasker. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$48,064 while total fund balance reached \$85,536. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 126.5 percent of total General Fund expenditures.

At June 30, 2019, the governmental funds of Town of Lasker reported a combined fund balance of \$85,536, a 12.9 percent increase over last year. Included in this change in fund balance is an increase in the fund balance of the General Funds.

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

Capital Asset and Debt Administration

Capital assets. The Town of Lasker's investment in capital assets for its governmental activities as of June 30, 2019, totals \$81,230 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Town of Lasker's Capital Assets

Figure 4

(net of depreciation)

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2018	2019	2018	2019	2018	2019
Land	\$ 9,597	\$ 9,597	\$ -	\$ -	\$ 9,597	\$ 9,597
Buildings and systems	46,712	41,912	-	-	46,712	41,912
Improvements other than buildings	-	-	-	-	-	-
Machinery and equipment	20,267	14,796	-	-	20,267	14,796
Infrastructure	16,935	14,925	-	-	16,935	14,925
Vehicles and motorized equipment	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-
Total	\$ 93,511	\$ 81,230	\$ -	\$ -	\$ 93,511	\$ 81,230

- No Outstanding Debt.

Management Discussion and Analysis-
Town of Lasker

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities

Most of Lasker's General Fund Revenues come from property taxes and state funds (ABC, Sales taxes etc.)

Budgeted expenditures in the General Fund are expected to rise.

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 Director of Finance, Town of Lasker, 207 East Church Street, Lasker, NC 27845

BASIC FINANCIAL STATEMENTS

TOWN OF LASKER, NORTH CAROLINA
STATEMENT OF NET ASSETS
June 30, 2019

	<u>Primary Government Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 62,627
Taxes receivables (net)	1,715
Accrued interest receivable on taxes	589
Accounts receivable (net)	5,739
Restricted cash and cash equivalents	18,433
Total current assets	<u>89,103</u>
Capital assets (Note 1):	
Land, non-depreciable improvements, and construction in progress	9,597
Other capital assets, net of depreciation	71,632
Total capital assets	<u>81,229</u>
Total assets	<u>\$ 170,332</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,262
Current portion of long-term liabilities	-
Total current liabilities	<u>1,262</u>
Long-term liabilities:	
Due in more than one year	-
Total liabilities	<u>\$ 1,262</u>
NET ASSETS	
Net invested in capital assets	81,229
Restricted for:	
State statute	5,739
Powell Bill	18,433
Unrestricted	63,669
Total net position	<u>\$ 169,070</u>

TOWN OF LASKER, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Total	
Primary government:						
Governmental Activities:						
General government	\$ 25,416	\$ -	\$ -	\$ -	\$	(25,416)
Transportation	12,520	-	3,851	-		(8,669)
Environmental protection	200	-	-	-		(200)
Total governmental activities (See Note 1)	38,136	-	3,851	-		(34,285)
Total primary government	\$ 38,136	\$ -	\$ 3,851	\$ -		(34,285)
General revenues:						
Taxes:						
Property taxes, levied for general purpose						9,665
Other taxes						34,588
Grants and contributions not restricted to specific programs						
Unrestricted investment earnings						230
Total general revenues, special items, and transfers						44,483
Change in net position						10,198
Net position-beginning						158,872
Net position-ending					\$	169,070

TOWN OF LASKER, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	<u>Major Funds</u>		<u>Total Governmental Funds</u>
	<u>General</u>	<u>Non-Major Funds</u>	
ASSETS			
Cash and cash equivalents	\$ 62,627	\$ -	\$ 62,627
Restricted cash	18,433	-	18,433
Receivables, net:			
Taxes	1,715	-	1,715
Accounts	5,739	-	5,739
Total assets	<u>\$ 88,514</u>	<u>\$ -</u>	<u>\$ 88,514</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,263	\$ -	\$ 1,263
Total liabilities	<u>1,263</u>	<u>-</u>	<u>1,263</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax receivable	\$ 1,715	\$ -	\$ 1,715
Total deferred inflows of resources	<u>1,715</u>	<u>-</u>	<u>1,715</u>
Fund balances:			
Restricted			
State statute	5,739	-	5,739
Streets-Powell bill	18,433	-	18,433
Assigned			
Designated for subsequent year's expenditures	13,300	-	13,300
Unassigned	48,064	-	48,064
Total liabilities, deferred inflow of resources, and fund balances	<u>85,536</u>	<u>-</u>	<u>85,536</u>
	<u>\$ 88,514</u>	<u>\$ -</u>	<u>\$ 88,514</u>

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

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

81,230

Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds.

589

Liabilities for earned but deferred revenues in fund statements.

1715

Long-term debt used in governmental activities are not financial uses and therefore not reported in the funds. Liabilities for earned but deferred revenues in fund statements.

-

Net position of governmental activities

\$ 169,070

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

TOWN OF LASKER, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	<u>Major Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>Total Non-Major Funds</u>	<u>Governmental Funds</u>
REVENUES			
Ad valorem taxes	\$ 10,328	\$ -	\$ 10,328
Other taxes & license	60		
Unrestricted intergovernmental	34,528	-	34,528
Restricted intergovernmental	3,851	-	3,851
Investment earnings	230	-	230
	<u>48,997</u>	<u>-</u>	<u>48,937</u>
EXPENDITURES			
Current:			
General government	28,574	-	28,574
Transportation	9,205	-	9,205
Environmental protection	200	-	200
	<u>37,979</u>	<u>-</u>	<u>37,979</u>
Excess (deficiency) of revenues over expenditures	11,018	-	11,018
	<u>74,518</u>	<u>-</u>	<u>74,518</u>
Fund balances-beginning	74,518	-	74,518
Fund balances-ending	<u>\$ 85,536</u>	<u>\$ -</u>	<u>\$ 85,536</u>

TOWN OF LASKER, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
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	\$ 11,018
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	(6,012)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in accrued interest on tax receivable	(183)
Change in deferred revenue for tax revenues	(480)
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.	
New long-term debt issued	5,855
	-
Total changes in net position of governmental activities	\$ 10,198

TOWN OF LASKER, NORTH CAROLINA
GENERAL FUND AND ANNUALLY BUDGETED
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2019

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 9,900	\$ 9,900	\$ 10,328	\$ 428
Other taxes and licenses	-	-	60	60
Unrestricted intergovernmental	26,100	26,100	34,528	8,428
Restricted intergovernmental	4,000	4,000	3,851	(149)
Miscellaneous	-	-	-	-
Investment earnings	75	75	230	155
Total revenues	40,075	40,075	48,997	8,922
Expenditures:				
Current:				
General government	39,768	39,768	28,574	11,194
Transportation	12,400	12,400	9,205	3,195
Environmental protection	200	200	200	-
Total expenditures	52,368	52,368	37,979	14,389
Revenues over (under) expenditures	(12,293)	(12,293)	11,018	23,311
Other financing sources (uses):				
Fund balance appropriated	12,293	12,293	-	(12,293)
Total other financing sources (uses)	12,293	12,293	-	(12,293)
Revenues and other sources over (under) expenditures and other uses	-	-	11,018	11,018
Fund balances, beginning of year	-	-	74,518	-
Fund balances, end of year	\$ -	\$ -	\$ 85,536	\$ -

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

TOWN OF LASKER, NORTH CAROLINA
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Lasker is a municipal corporation which is governed by an elected mayor and a three-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 identify the *governmental activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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. Statements for the fund category – *governmental* – are presented. The emphasis of fund financial statements is on major governmental funds, displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Town reports the following major governmental funds:

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

The Town reports the following non-major governmental funds:

None.

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 Fund Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. 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 for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

TOWN OF LASKER

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Sales taxes collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Lasker because the tax is levied by Northampton County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there 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 by general revenues.

D. Budgetary Data

The Town's budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. 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 departmental level for all annually budgeted funds and at the object level for the multi-year funds. The Town Manager is authorized by the budget ordinance to transfer appropriations within a fund up to \$2,500; however, any revisions that alter the total expenditures of any fund or change functional appropriations by more than \$2,500 must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material.

A budget calendar is included in the North Carolina General Statutes which prescribes the last day on which certain steps of that budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed:

April 30 - Each department head will transmit to the budget officer the budget requests and the revenue estimates for their department for the budget year.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget shall be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

E. Assets, Liabilities and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are collateralized as required by G.S. 159-31. The Town may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the Town may establish time

TOWN OF LASKER

NOTES TO THE BASIC FINANCIAL STATEMENTS

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 nonguaranteed 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. Non-participating interest earning contracts are accounted for at cost. The NCCMT – Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT – Term Portfolio's securities are valued at fair value.

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 thru 136-41.4.

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 July 1, the beginning of the fiscal year. These taxes are due on September 1; however, interest does not accrue until the following January 6. The taxes levied are based on the assessed values as of January 1, 2017. As allowed by State law, the Town has established a schedule of discounts that apply to taxes which 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. 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. There were no minimum capitalization costs prior to July 1, 2010. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2016 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2016 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2002, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. 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.

TOWN OF LASKER
NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

7. 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 item that meets 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 only one item that meets the criterion for this category - property taxes receivable.

8. Net Position/Fund Balances

Net position in government-wide financial statements are classified as invested in capital assets, net of related debt; restricted; assigned; and unassigned. Restricted net position represent 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. It is the Town's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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 balances can be spent.

The governmental fund types classify fund balances as follows:

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. 159-9(a)].

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

Assigned Fund Balance – portion of fund balance that the Town of Lasker 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.

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

TOWN OF LASKER
NOTES TO THE BASIC FINANCIAL STATEMENTS

9. Reclassifications

Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation. Reclassifications made in prior year have no impact on changes in net assets.

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Noncompliance With North Carolina General Statutes

None.

NOTE 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 the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-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 policy regarding custodial credit risk for deposits.

At June 30, 2019, the Town's deposits had a carrying amount of \$81,060 and a bank balance of \$81,170. The bank balance was covered by federal depository insurance.

2. Receivables - Allowances for Doubtful Accounts

The amounts presented in Exhibit A, the Statement of Net Assets, are net of the following allowances for doubtful accounts:

<u>Fund</u>	<u>June 30, 2019</u>
General Fund	
Taxes Receivable	\$ --

TOWN OF LASKER
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 9,597	-	-	\$ 9,597
Total capital assets not being depreciated	9,597	-	-	9,597
Capital assets being depreciated:				
Buildings	67,812	-	-	67,812
Equipment	54,652	-	-	54,652
Vehicles and motorized equipment	325	-	-	325
Infrastructure	22,348	-	-	22,348
Total capital assets being depreciated	145,137	-	-	145,137
Less accumulated depreciation for:				
Buildings	23,500	2,400	-	25,900
Equipment	37,249	2,607	-	39,856
Vehicles and motorized equipment	325	-	-	325
Infrastructure	6,418	1,005	-	7,423
Total accumulated depreciation	67,492	6,012	-	73,504
Total capital assets being depreciated, net	77,645			71,633
Governmental activity capital assets, net	\$ 87,242			\$ 81,230

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

General government	\$ 2,697
Public safety	-
Transportation	3,315
Environmental protection	-
Total depreciation expense	<u>\$ 6,012</u>

B. Liabilities

1. Pension Plan Obligations

The Town employees do not participate in the Local Government Employee's Retirement System. The Town does not have a police force and, therefore, no provision for Law Enforcement Retirement.

2. Outflows and Inflows of Revenues

Deferred inflows of resources at year-end is composed of the following:

General Fund	Deferred Inflow
Prepaid Taxes Not Yet Earned	\$ -
Taxes Receivable (Net)	1,715
Total	<u>\$ 1,715</u>

TOWN OF LASKER
NOTES TO THE BASIC FINANCIAL STATEMENTS

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. Commercial insurance is carried for such risks of loss. There have been no potential claims in any of the last three fiscal years. The Town of Lasker does not carry flood insurance.

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 to be performance bonded through a commercial surety bond of no less than \$50,000. The Finance Officer is bonded for \$50,000. The Town Clerk is bonded for \$10,000.

4. Long-Term Obligations

a. Installment Obligations

In September 2016 the Town entered into an agreement with Mosca Design to finance Christmas lights in the amount of \$18,845. The agreement requires principal payments beginning July 1, 2017 with no interest.

Annual debt service payments of the installment purchase as of June 30, 2019, with no interest, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ -	\$ -
2021	-	-
2022	-	-
2023	-	-
2024	-	-
	<u>\$ -</u>	<u>\$ -</u>

b. Changes in Long-term Obligations

	Beginning Balance	Increase	Decrease	Ending Balance	Current Portion of Balance
Governmental Activities					
Installment Purchases	\$ 5,855	\$ -	\$ 5,855	\$ -	\$ -

NOTE IV. RELATED PARTY TRANSACTIONS

The Town paid to Councilman Charles Daughtry a total of \$600 for cutting grass and other lawn care services. Also, Judy Collier, the Mayor's wife, is employed as the Town Clerk at a salary of \$7,590.

NOTE V. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

We have evaluated subsequent events through August 31, 2019, the date on which the financial statements were available to be issued.

INDIVIDUAL FUND STATEMENT AND SCHEDULES

TOWN OF LASKER, NORTH CAROLINA
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE -
BUDGET & ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for June 30, 2018)

	2019			2018
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Ad Valorem Taxes:				
Current Year	\$ -	\$ 9,726	\$ -	\$ 9,151
Prior Years	-	602	-	242
Penalties & Interest	-	-	-	-
	<u>9,900</u>	<u>10,328</u>	<u>428</u>	<u>9,393</u>
Other Taxes & Licenses:				
Zoning fees	-	60	-	-
	<u>-</u>	<u>60</u>	<u>60</u>	<u>-</u>
Unrestricted Intergovernmental Revenues:				
Local Option Sales Tax	-	28,883	-	27,158
Telecommunication Sales Tax	-	-	-	-
ABC Revenue	-	-	-	-
Beer & Wine	-	519	-	520
Franchise Tax	-	5,126	-	5,180
	<u>26,100</u>	<u>34,528</u>	<u>8,428</u>	<u>32,858</u>
Restricted Intergovernmental Revenues:				
Powell Bill Allocation	-	3,851	-	3,906
	<u>4,000</u>	<u>3,851</u>	<u>(149)</u>	<u>3,906</u>
Investment Earnings	<u>75</u>	<u>230</u>	<u>155</u>	<u>106</u>
Total Revenues	<u>\$ 40,075</u>	<u>\$ 48,997</u>	<u>\$ 8,922</u>	<u>\$ 46,263</u>

TOWN OF LASKER, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE -
BUDGET & ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
(With Comparative Totals for June 30, 2018)

	2019		Variance	2018
	Budget	Actual	Favorable (Unfavorable)	Actual
Expenditures:				
General government:				
Governing body:				
Salaries & benefits	\$ -	\$ 1,440	\$ -	\$ 1,560
Professional services	-	4,700	-	4,550
	<u>6,240</u>	<u>6,140</u>	<u>100</u>	<u>6,110</u>
Administration:				
Salaries & Benefits	-	7,590	-	7,350
Operating Expenses	-	8,103	-	15,087
Town Hall Repairs	-	886	-	2,646
Debt Service	-	5,855	-	5,855
	<u>33,528</u>	<u>22,434</u>	<u>11,094</u>	<u>30,938</u>
Total General Government	<u>39,768</u>	<u>28,574</u>	<u>11,194</u>	<u>37,048</u>
Transportation:				
Operating Expenses	-	9,205	-	701
Capital Outlay	-	-	-	-
Total Transportation	<u>12,400</u>	<u>9,205</u>	<u>3,195</u>	<u>701</u>
Environmental Protection:				
Cemeteries	-	200	-	211
Total Environmental Protection	<u>200</u>	<u>200</u>	<u>-</u>	<u>211</u>
Total Expenditures	<u>52,368</u>	<u>37,979</u>	<u>14,389</u>	<u>37,960</u>
Revenues Over (Under) Expenditures	<u>(12,293)</u>	<u>11,018</u>	<u>23,311</u>	<u>8,303</u>
Other Financing Sources (Uses):				
Fund Balance Appropriated	<u>12,293</u>	<u>-</u>	<u>(12,293)</u>	<u>-</u>
Revenues & Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 11,018</u>	<u>\$ 11,018</u>	<u>\$ 8,303</u>
Fund Balance:				
Beginning of year, July 1		<u>74,518</u>		<u>66,215</u>
End of year, June 30		<u>\$ 85,536</u>		<u>\$ 74,518</u>

OTHER SCHEDULES

TOWN OF LASKER, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2019

	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 9,856	\$ 9,726	\$ 130
2017-2018	372	-	88	284
2016-2017	310	-	-	310
2015-2016	302	-	19	283
2014-2015	231	-	-	231
2013-2014	231	-	-	231
2012-2013	197	-	49	148
2011-2012	213	-	148	65
2010-2011	321	-	298	23
2009-2010	10	-	-	10
2008-2009	6	-	6	-
TOTALS	<u>\$ 2,193</u>	<u>\$ 9,856</u>	<u>\$ 10,334</u>	<u>\$ 1,715</u>
Less: Allowance for doubtful accounts				<u>-</u>
				<u>1,715</u>
Reconcilement with revenues:				
Taxes - Ad Valorem - General Fund				\$ 10,328
Interest				-
Amount written off for statute of limitations				<u>6</u>
Total Collections & Credits				<u>\$ 10,334</u>

TOWN OF LASKER, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
June 30, 2019

	<u>Total Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property Taxed at					
Current Years Rate	\$ 3,350,000	0.25%	\$ 8,375	\$ 8,375	\$ -
Motor Vehicles	592,400	0.25%	1,481	-	1,481
Total	<u>3,942,400</u>		<u>9,856</u>	<u>8,375</u>	<u>1,481</u>
Net Levy			<u>9,856</u>	<u>8,375</u>	<u>1,481</u>
Uncollected Tax at June 30, 2019			<u>130</u>	<u>130</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 9,726</u>	<u>\$ 8,245</u>	<u>\$ 1,481</u>
Current Levy Collection Percentage			<u>98.68%</u>	<u>98.45%</u>	<u>100.00%</u>