

**TOWN OF LANDIS  
NORTH CAROLINA**

**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2024**



# **TOWN OF LANDIS, NORTH CAROLINA**

## **GOVERNANCE**

### **Board of Aldermen Members**

Meredith Bare Smith, Mayor  
Ashley Stewart, Mayor Pro Tem  
Darrell Overcash, Alderman  
Ryan Nelms, Alderman  
Tony Corriher, Alderman

### **Administrative and Financial Staff**

Michael Ambrose, Town Manager  
Jeneen McMillen, Finance Director



# TOWN OF LANDIS, NORTH CAROLINA

## BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

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## **Financial Section**

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- Independent Auditor's Report
  - Management's Discussion and Analysis
  - Basic Financial Statements
  - Notes to the Financial Statements
  - Individual Fund Statements and Schedules
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# MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

## **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Board of Aldermen  
Town of Landis, North Carolina

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

#### ***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Landis, North Carolina, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Landis and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Landis' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered-Employee Payroll, and the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Landis' basic financial statements. The combining and individual fund financial statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2024 on our consideration of the Town of Landis' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Landis' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Landis' internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
October 9, 2024

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## Management's Discussion and Analysis

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

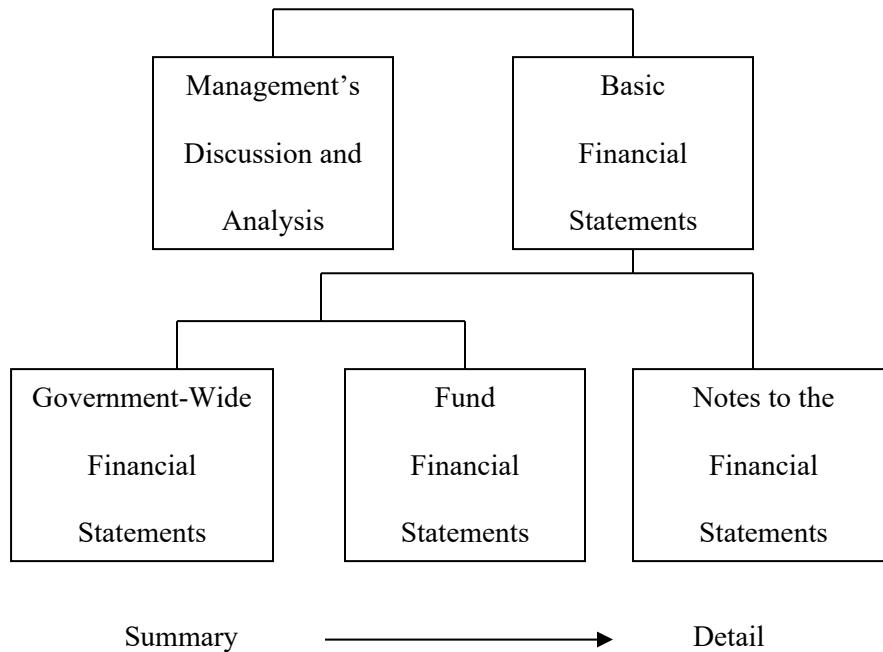
### Financial Highlights

- The assets and deferred outflows of resources of the Town of Landis exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$26,533,399 (*net position*).
- The government's total net position increased by \$906,829, primarily due to increases in government activities.
- As of the close of the current fiscal year, the Town of Landis' governmental funds reported combined ending fund balances of \$5,987,244 with a net increase of \$1,299,891 in fund balance. Approximately 45% of this total amount, or \$2,698,968, is restricted, committed, or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,288,276, or 77%, of total General Fund expenditures (\$4,266,734) for the fiscal year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as introduction to the Town of Landis' 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 Landis.

**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 (Exhibit C through H) are the **fund financial statements**. These statements focus on the activities of the individual parts of the Town’s government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental fund statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements. The Town of Landis has no fiduciary funds, so this part of the Fund Financial Statements is omitted.

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

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the Town's basic services such as safety and security, transportation and administration. Property tax and state shared revenues finance these activities. The business-type activities are those that the Town charges customers to provide. These include water, sewer, and electric services offered by the Town. The Town has no component units, so this part of the government-wide statements is omitted.

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

### **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Landis, 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 General Statutes or the Town's budget ordinance. All of the funds of the Town of Landis 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 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 part of the fund financial statements.

The Town of Landis adopts an annual budget for the 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 the 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 in 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 of Aldermen 2) the final budget as amended by the Board of Aldermen 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the differences or variance between the final budget and actual resources and charges.

**Proprietary Funds.** The Town of Landis has one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water, sewer, and electric activities. This fund is the same as the 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 the full understanding of data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain supplemental information detailing the information provided in the basic financial statements and is presented to allow the reader to gain an in-depth understanding of the financial information presented.

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

### Town of Landis' Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Assets and Deferred Outflows of Resources:</b>						
Current and other assets	\$ 6,328,725	\$ 4,995,186	\$ 6,332,527	\$ 5,979,975	\$ 12,661,252	\$ 10,975,161
Capital assets	7,546,257	7,572,582	13,822,655	14,430,014	21,368,912	22,002,596
Deferred outflows of resources	833,978	859,283	652,861	647,674	1,486,839	1,506,957
Total assets and deferred outflows of resources	14,708,960	13,427,051	20,808,043	21,057,663	35,517,003	34,484,714
<b>Liabilities and Deferred Inflows of Resources:</b>						
Long-term liabilities	2,178,505	2,141,214	5,255,265	5,295,083	7,433,770	7,436,297
Other liabilities	417,736	374,812	899,339	922,766	1,317,075	1,297,578
Deferred inflows of resources	198,562	109,066	34,197	15,203	232,759	124,269
Total liabilities and deferred inflows of resources	2,794,803	2,625,092	6,188,801	6,233,052	8,983,604	8,858,144
<b>Net Position:</b>						
Net investment in capital assets	6,747,937	6,724,350	9,435,118	9,888,750	16,183,055	16,613,100
Restricted	1,158,221	1,069,907	-	-	1,158,221	1,069,907
Unrestricted	4,007,999	3,007,702	5,184,124	4,935,861	9,192,123	7,943,563
Total net position	\$ 11,914,157	\$ 10,801,959	\$ 14,619,242	\$ 14,824,611	\$ 26,533,399	\$ 25,626,570

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 resources of the Town exceeded liabilities and deferred inflows by \$26,533,399 as of June 30, 2024. The Town's net position increased by \$906,829 for the fiscal year ended June 30, 2024. However, the largest portion, \$16,183,055, or (61%), reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Town's net position, \$1,158,221 or 4%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,192,123 is unrestricted.

Several particular aspects of the Town’s financial operations positively influenced the total unrestricted government net position:

- drafted and enforced updated policies on financial and asset management.
- increased emphasis on competitive bidding to reduce contract costs.
- reduction of outstanding debt

### Town of Landis’ Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 581,824	\$ 521,537	\$ 8,375,234	\$ 8,090,245	\$ 8,957,058	\$ 8,611,782
Operating grants and contributions	416,742	838,736	-	-	416,742	838,736
Capital grants and contributions	-	294,722	-	650,185	-	944,907
General revenues:						
Property taxes	2,563,540	1,935,357	-	-	2,563,540	1,935,357
Stormwater fees	116,719	112,186	-	-	116,719	112,186
Grants and contrib. unrestricted to specific programs	1,665,430	1,631,205	-	-	1,665,430	1,631,205
Other	374,381	242,873	170,845	114,378	545,226	357,251
Total revenues	<u>5,718,636</u>	<u>5,576,616</u>	<u>8,546,079</u>	<u>8,854,808</u>	<u>14,264,715</u>	<u>14,431,424</u>
<b>Expenses:</b>						
General government	438,002	421,867	-	-	438,002	421,867
Public safety	2,351,061	2,052,961	-	-	2,351,061	2,052,961
Transportation	-	679,016	-	-	-	679,016
Environmental protection	1,183,968	345,764	-	-	1,183,968	345,764
Cultural and recreational	568,591	503,740	-	-	568,591	503,740
Interest on long-term debt	64,816	38,243	147,628	152,490	212,444	190,733
Electric	-	-	6,058,421	5,870,184	6,058,421	5,870,184
Water and sewer	-	-	2,545,399	2,518,943	2,545,399	2,518,943
Total expenses	<u>4,606,438</u>	<u>4,041,591</u>	<u>8,751,448</u>	<u>8,541,617</u>	<u>13,357,886</u>	<u>12,583,208</u>
Change in net position	1,112,198	1,535,025	(205,369)	313,191	906,829	1,848,216
<b>Net Position:</b>						
Beginning of year, July 1	<u>10,801,959</u>	<u>9,266,934</u>	<u>14,824,611</u>	<u>14,511,420</u>	<u>25,626,570</u>	<u>23,778,354</u>
End of year, June 30	<u>\$ 11,914,157</u>	<u>\$ 10,801,959</u>	<u>\$ 14,619,242</u>	<u>\$ 14,824,611</u>	<u>\$ 26,533,399</u>	<u>\$ 25,626,570</u>

**Governmental Activities.** Governmental activities increased the Town's net assets by \$1,112,198. Key elements of this increase are as follows:

- the interior of Town Hall was remodeled
- a generator was installed for Town Hall and the Fire Station
- a new HVAC system was installed at Town Hall to decrease the utility bills with a new and more efficient system.
- upfit two new police vehicles
- replaced heaters in the fire bay

**Business-Type Activities.** Business-type activities decreased the Town's net position by \$205,369. Key elements of this decrease are as follows:

- all positions were filled, including an Assistant Public Works Director added at the end of FY23
- deferred maintenance was addressed to preserve the life of our capital assets.
- grants have been obtained to reduce the cost of rehabilitating the lift stations. This will decrease the cost of depreciation.
- purchased smaller bucket truck
- purchased materials needed for the 12kV conversion that improves our infrastructure

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

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

**Governmental Funds.** The focus of the Town'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'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. At the end of the current fiscal year, available fund balance of the General Fund was \$4,989,776, while total fund balance reached \$5,442,777. The Town currently has an available fund balance of 117% of General Fund expenditures, while total fund balance represents 128% of the same amount.

The Coronavirus State and Local Recovery Fiscal expended the remaining grant funds of \$101,475 during the fiscal year.

At June 30, 2024, the governmental funds of the Town reported a combined fund balance of \$5,987,244 with a net increase in fund balance of \$1,299,891. Included in this change in fund balance is increases in fund balance in the General Fund and Stormwater Fund, and a decrease in fund balance in the Passive Park Capital Project.

**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.

There were several reasons the Town revised its budget throughout the year. The Town amended the budget in the General Fund for general government, public safety, public services, and cultural and recreational departments to account for unexpected expenditures. Revisions were made to properly

appropriate unbudgeted revenues, realign the budget to actual expenses and support the reduction of Town debt service.

**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 \$2,617,584 and for the Electric Fund, \$2,566,540. The total change in net position for the Water and Sewer Fund was (\$299,719.) The total change in net position for the Electric Fund was \$94,350. The change in net position in the Water and Sewer Fund is a result of an keeping the rate the same and a decrease in capital outlay expenditures. The changes in net position in the Electric Fund is a result of an adjustment in charges as well as a decrease in capital outlay expenditures.

**Capital Asset and Debt Administration**

**Capital Assets.** The Town’s investment in capital assets for its governmental and business-type activities as of June 30, 2024 totals \$21,368,912 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles, and right to use assets.

Major capital asset transactions during the year included the following additions:

Administration: generator, HVAC system	\$108,919
Police: upfit new police cars, new lighting	\$21,760
Fire: generator, fire bay heaters	\$62,622

**Town of Landis’ Capital Assets  
(net of depreciation)**

**Figure 4**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Land and CIP	\$ 4,494,970	\$ 4,475,280	\$ 2,007,104	\$ 2,007,104	\$ 6,502,074	\$ 6,482,384
Buildings	1,627,022	1,636,430	76,630	85,333	1,703,652	1,721,763
Infrastructure / systems	91,302	101,344	10,837,692	11,338,515	10,928,994	11,439,859
Machinery / equipment	640,909	508,579	518,263	730,145	1,159,172	1,238,724
Vehicles / motorized equip.	630,014	755,223	357,510	239,342	987,524	994,565
Right to use leased equipment	22,496	31,205	16,918	15,603	39,414	46,808
Right to use IT subscription assets	39,544	64,521	8,538	13,929	48,082	78,450
Total	<u>\$ 7,546,257</u>	<u>\$ 7,572,582</u>	<u>\$ 13,822,655</u>	<u>\$ 14,429,971</u>	<u>\$ 21,368,912</u>	<u>\$ 22,002,553</u>

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

## Town of Landis' Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Installment purchases	\$ 732,527	\$ 749,867	\$ 174,593	\$ 240,785	\$ 907,120	\$ 990,652
General obligation bonds	-	-	4,186,000	4,270,000	4,186,000	4,270,000
Lease liabilities	24,441	32,530	18,017	16,267	42,458	48,797
Subscription liabilities	41,352	65,835	8,927	14,212	50,279	80,047
Net pension liability (LGERS)	1,135,947	1,014,493	1,007,350	899,644	2,143,297	1,914,137
Total pension liability (LEOSSA)	235,201	299,403	-	-	235,201	299,403
Compensated absences	137,021	115,898	31,671	54,796	168,692	170,694
<b>Total</b>	<b>\$ 2,306,489</b>	<b>\$ 2,278,026</b>	<b>\$ 5,426,558</b>	<b>\$ 5,495,704</b>	<b>\$ 7,733,047</b>	<b>\$ 7,773,730</b>

### Town of Landis' Outstanding Debt

The Town of Landis' total debt decreased by \$40,683. The key factors in this decrease were principal payments on notes payable of \$83,532, principal payments on general obligation bonds of \$84,000, a net decrease in lease and subscription liabilities of \$43,208, a decrease in compensated absences of \$2,002, a decrease in Law Enforcement Separation Allowance (LEOSSA) of \$64,202, and an increase in net pension liability (LGERS) of \$229,160. North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of property located within that government's boundaries. The legal debt margin for the Town is approximately \$35,062,000.

Additional information regarding the Town's long-term debt can be found in Note 2.B of the basic financial statements.

### Financial Highlights and Procedural Growth for the Fiscal Year Ended June 30, 2024

#### Financial:

- Increased fund balance and retained earnings in all funds (non-GAAP basis):
  - General Fund \$1,321,122, or 32% of prior year Fund Balance.
  - Water & Sewer Fund \$150,617
  - Stormwater Fund \$28,090
  - Electric Fund \$195,895
- Cash balances improved from \$9,011,036 across all funds to \$10,617,174.

#### Procedural and Operational Changes:

- Developed a workflow inside the finance system for internal control.
- Reviewed all workflows and distributed responsibilities to follow the need for separation of duties.
- Reconciled all accounts in the ledger and added new accounts for better financial tracking.
- Produce monthly financial statements to the Board.
- Updated codes in the utility billing system to correct posting to the ledger.
- Continued participation in debt set-off program for delinquent collection.

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

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

- Revenues have been budgeted conservatively in anticipation of spending remaining where it is, resulting in no change in sales tax
- New growth:
  - Landis Ridge
  - Ryder Place
  - Landis Apartments
  - Kimball Road Townhomes
  - East Rice homes
  - Residential growth is healthy and manageable. The Town is in discussion about Irish Creek with the City of Kannapolis and Shea Homes. Both developments will add to the tax base and utility revenue.
- Completed in fiscal year 2024
  - A concrete plant was built.
- The Town lowered its tax rate to \$.49, and water and sewer rates remain the same, electric rates were adjusted.

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

- General Fund budget allows for an increase in staffing to improve service provision with no change in taxes.
- Electric Fund budget allows for an increase in staffing to improve operations and adjusted rates to adequately cover costs for service.
- All funds continue to operate independently with no interfund loans or support from other funds.

The 2024-25 budget maintains a conservative approach to both revenue and expenses. The overall goal is to improve the Town's fund balance (General Fund and stormwater) and retained earnings (enterprise funds). It will take several years to get the Town back to where it should be in respect to fund balance and retained earnings. We are currently in compliance with the Local Government Commission's (LGC) minimum requirement. However, that is not nearly enough for a Town our size. Moving forward, it will be the Town's goal to purchase most capital equipment under \$100,000 with cash and on a replacement schedule. This will be a much better approach than large loans with full fleet replacements.

## **Requests for Information**

This report is designed to provide an overview of the Town of Landis' 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 Town Manager or the Finance Director, Town of Landis, P.O. Box 8165, Landis, North Carolina 28088-8165.

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## **Basic Financial Statements**

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The **Basic Financial Statements** present a condensed overview of the financial position and results of operations of the Town as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.

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## TOWN OF LANDIS, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2024

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 5,021,399	\$ 4,681,632	\$ 9,703,031
Taxes receivables (net)	80,727	-	80,727
Sales tax receivable	66,647	36,630	103,277
Accounts receivable	407,316	1,452,758	1,860,074
Restricted cash and cash equivalents	752,636	161,507	914,143
Total current assets	<u>6,328,725</u>	<u>6,332,527</u>	<u>12,661,252</u>
Non-current assets:			
Capital assets:			
Land and construction in progress	4,494,970	2,007,104	6,502,074
Other capital assets, net of depreciation	2,989,247	11,790,095	14,779,342
Right-to-use assets, net of amortization	62,040	25,456	87,496
Total capital assets	<u>7,546,257</u>	<u>13,822,655</u>	<u>21,368,912</u>
Total non-current assets	<u>7,546,257</u>	<u>13,822,655</u>	<u>21,368,912</u>
Total assets	<u>13,874,982</u>	<u>20,155,182</u>	<u>34,030,164</u>
<b>Deferred Outflows of Resources:</b>			
Pension deferrals - LEO	97,774	-	97,774
Pension deferrals - LGERS	736,204	652,861	1,389,065
Total deferred outflows of resources	<u>833,978</u>	<u>652,861</u>	<u>1,486,839</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	205,437	566,539	771,976
Payable from restricted assets	-	161,507	161,507
Advance from grantor	84,315	-	84,315
Due within one year	127,984	171,293	299,277
Total current liabilities	<u>417,736</u>	<u>899,339</u>	<u>1,317,075</u>
Long-term liabilities:			
Net pension liability - LGERS	1,135,947	1,007,350	2,143,297
Total pension liability - LEOSSA	235,201	-	235,201
Due in more than one year	807,357	4,247,915	5,055,272
Total long-term liabilities	<u>2,178,505</u>	<u>5,255,265</u>	<u>7,433,770</u>
Total liabilities	<u>2,596,241</u>	<u>6,154,604</u>	<u>8,750,845</u>
<b>Deferred Inflows of Resources:</b>			
Pension deferrals - LEO	160,002	-	160,002
Pension deferrals - LGERS	38,560	34,197	72,757
Total deferred inflows of resources	<u>198,562</u>	<u>34,197</u>	<u>232,759</u>
<b>Net Position:</b>			
Net investment in capital assets	6,747,937	9,435,118	16,183,055
Restricted for:			
Stabilization by state statute	489,900	-	489,900
Streets	668,321	-	668,321
Unrestricted	4,007,999	5,184,124	9,192,123
Total net position	<u>\$ 11,914,157</u>	<u>\$ 14,619,242</u>	<u>\$ 26,533,399</u>

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

TOWN OF LANDIS, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2024

Function / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
General government	\$ 438,002	\$ 73,897	\$ 117,160	\$ -
Public safety	2,351,061	1,251	168,272	-
Public services	1,183,968	322,100	131,310	-
Cultural and recreational	568,591	184,576	-	-
Interest on long-term debt	64,816	-	-	-
Total governmental activities	<u>4,606,438</u>	<u>581,824</u>	<u>416,742</u>	<u>-</u>
<b>Business-Type Activities:</b>				
Electric	6,060,019	6,066,593	-	-
Water and sewer	2,691,429	2,308,641	-	-
Total business-type activities	<u>8,751,448</u>	<u>8,375,234</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 13,357,886</u>	<u>\$ 8,957,058</u>	<u>\$ 416,742</u>	<u>\$ -</u>

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

**TOWN OF LANDIS, NORTH CAROLINA**

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

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Function / Programs</b>			
<b>Primary Government:</b>			
General government	\$ (246,945)	\$ -	\$ (246,945)
Public safety	(2,181,538)	-	(2,181,538)
Environmental protection	(730,558)	-	(730,558)
Cultural and recreational	(384,015)	-	(384,015)
Interest on long-term debt	(64,816)	-	(64,816)
Total governmental activities	(3,607,872)	-	(3,607,872)
<b>Business-Type Activities:</b>			
Electric	-	6,574	6,574
Water and sewer	-	(382,788)	(382,788)
Total business-type activities	-	(376,214)	(376,214)
Total primary government	(3,607,872)	(376,214)	(3,984,086)
<b>General Revenues:</b>			
Property taxes levied for general purposes	2,563,540	-	2,563,540
Storm water fees	116,719	-	116,719
Unrestricted investment earnings	240,487	170,845	411,332
Unrestricted intergovernmental revenues	1,665,430	-	1,665,430
Miscellaneous	133,894	-	133,894
Total general revenues	4,720,070	170,845	4,890,915
Change in net position	1,112,198	(205,369)	906,829
<b>Net Position:</b>			
Beginning of year, July 1	10,801,959	14,824,611	25,626,570
End of year, June 30	\$ 11,914,157	\$ 14,619,242	\$ 26,533,399

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

**TOWN OF LANDIS, NORTH CAROLINA**

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

	Major		Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	CSLFR Fund		
<b>Assets:</b>				
Cash - unrestricted	\$ 4,497,894	\$ -	\$ 523,505	\$ 5,021,399
Cash - restricted	752,636	-	-	752,636
Receivables (net)				
Property taxes receivable (net)	80,727	-	-	80,727
Accounts receivable (net)	370,111	-	37,205	407,316
Due from other government	66,647	-	-	66,647
Due from other funds	16,243	-	-	16,243
Total assets	\$ 5,784,258	\$ -	\$ 560,710	\$ 6,344,968
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 176,439	\$ -	\$ -	\$ 176,439
Due to other funds	-	-	16,243	16,243
Advance from grantor	84,315	-	-	84,315
Total liabilities	260,754	-	16,243	276,997
<b>Deferred Inflows of Resources:</b>				
Property taxes receivable	80,727	-	-	80,727
<b>Fund Balances:</b>				
Restricted:				
Stabilization by state statute	453,001	-	36,899	489,900
Streets	668,321	-	-	668,321
Committed:				
Park construction	-	-	163,637	163,637
Assigned:				
Subsequent year's expenditures	1,033,179	-	-	1,033,179
Environmental protection	-	-	343,931	343,931
Unassigned	3,288,276	-	-	3,288,276
Total fund balances	5,442,777	-	544,467	5,987,244
Total liabilities, deferred inflows of resources, and fund balances	\$ 5,784,258	\$ -	\$ 560,710	\$ 6,344,968

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

**TOWN OF LANDIS, NORTH CAROLINA**

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

		<b>Total Governmental Funds</b>
Total fund balances	\$	5,987,244
<p>Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:</p> <p>Capital assets and right to use assets used in governmental Activities are not financial resources and, therefore, are not reported in the funds:</p>		
Gross capital assets at historical cost	\$	11,978,554
Accumulated depreciation and amortization		<u>(4,432,297)</u>
		7,546,257
Deferred outflows of resources related to pensions are not reported in the funds		833,978
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		80,727
Long-term liabilities used in governmental activities are not financial uses and, therefore, are not reported in the funds:		
Compensated absences		(137,021)
Bonds, notes, leases, and subscriptions payable		(798,320)
LEO separation allowance		(235,201)
Net pension liability		(1,135,947)
Accrued interest payable		(28,998)
Deferred inflows of resources related to pensions are not reported in the funds.		<u>(198,562)</u>
Net position of the governmental activities	\$	<u>11,914,157</u>

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

**TOWN OF LANDIS, NORTH CAROLINA**

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

	<b>Major</b>		<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>CSLFR Fund</b>		
<b>Revenues:</b>				
Ad valorem taxes	\$ 2,552,646	\$ -	\$ -	\$ 2,552,646
Storm water fees	-	-	116,719	116,719
Unrestricted intergovernmental revenues	1,665,430	-	-	1,665,430
Restricted intergovernmental revenues	315,267	101,475	-	416,742
Sales and services	581,824	-	-	581,824
Investment earnings	237,484	-	3,003	240,487
Miscellaneous	133,730	-	164	133,894
Total revenues	5,486,381	101,475	119,886	5,707,742
<b>Expenditures:</b>				
Current:				
General government	488,401	-	-	488,401
Public safety	2,230,014	-	-	2,230,014
Public services	981,773	-	90,526	1,072,299
Cultural and recreational	481,882	-	49,525	531,407
Debt service:				
Principal	48,953	-	959	49,912
Interest	35,711	-	107	35,818
Total expenditures	4,266,734	-	141,117	4,407,851
Revenues over (under) expenditures	1,219,647	101,475	(21,231)	1,299,891
<b>Other Financing Sources (Uses):</b>				
Transfers (to) from other funds	101,475	(101,475)	-	-
Net change in fund balance	1,321,122	-	(21,231)	1,299,891
<b>Fund Balances:</b>				
Beginning of year, July 1	4,121,655	-	565,698	4,687,353
End of year, June 30	\$ 5,442,777	\$ -	\$ 544,467	\$ 5,987,244

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



**TOWN OF LANDIS, NORTH CAROLINA**

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

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

Net changes in fund balances - total governmental funds \$ 1,299,891

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 and amortization expense.

Capital outlay expenditures, which were capitalized	315,959
Depreciation and amortization expense for governmental assets	(312,449)
Loss on disposal of assets	(29,835)

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	10,894
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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. These transactions have no 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, leases and subscriptions	49,912
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest	(28,998)
Change in compensated absences	(21,123)
Change in LGERS pension expense:	
Changes in net pension assets	
Changes in deferred outflows	5,849
Changes in net pension liability	(121,454)
Changes in deferred inflows	(21,418)
Change in LEO separation allowance expense:	
Change in deferred outflows	(31,154)
Change in total pension liability	64,202
Change in deferred inflows	<u>(68,078)</u>

Total changes in net position of governmental activities	<u>\$ 1,112,198</u>
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*The accompanying notes are an integral part of the financial statements.*

## TOWN OF LANDIS, NORTH CAROLINA

## GENERAL FUND

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

	Budget		Actual	Variance with
	Original	Final		Final budget
				Over/Under
<b>Revenues:</b>				
Ad valorem taxes	\$ 2,480,939	\$ 2,480,940	\$ 2,552,646	\$ 71,706
Unrestricted intergovernmental	1,308,900	1,308,900	1,665,430	356,530
Restricted intergovernmental	292,500	298,695	315,267	16,572
Sales and services	490,780	490,780	581,824	91,044
Investment earnings	71,000	71,000	237,484	166,484
Miscellaneous	50,820	50,820	133,730	82,910
Total revenues	<u>4,694,939</u>	<u>4,701,135</u>	<u>5,486,381</u>	<u>785,246</u>
<b>Expenditures:</b>				
Current:				
General government	951,999	630,813	488,401	142,412
Public safety	2,353,277	2,883,221	2,230,014	653,207
Public services	1,423,641	1,419,325	981,773	437,552
Cultural and recreational	478,372	521,547	481,882	39,665
Debt service:				
Principal	25,425	48,949	48,953	(4)
Interest	34,600	37,228	35,711	1,517
Total expenditures	<u>5,267,314</u>	<u>5,541,083</u>	<u>4,266,734</u>	<u>1,274,349</u>
Revenues over (under) expenditures	<u>(572,375)</u>	<u>(839,948)</u>	<u>1,219,647</u>	<u>2,059,595</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (to) from other funds	-	-	101,475	101,475
Appropriated fund balance	<u>572,375</u>	<u>839,948</u>	-	<u>(839,948)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,321,122	<u>\$ 1,321,122</u>
<b>Fund Balance:</b>				
Beginning of year, July 1			<u>4,121,655</u>	
End of year, June 30			<u>\$ 5,442,777</u>	

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

**TOWN OF LANDIS, NORTH CAROLINA**

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

	<u>Major Enterprise Funds</u>		
	<u>Electric Fund</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 2,284,774	\$ 2,396,858	\$ 4,681,632
Accounts receivable (net)	1,019,859	432,899	1,452,758
Sales tax receivable	25,454	11,176	36,630
Cash and cash equivalents - restricted	137,811	23,696	161,507
Total current assets	<u>3,467,898</u>	<u>2,864,629</u>	<u>6,332,527</u>
Non-current assets:			
Capital assets:			
Land, CIP, and other non-depreciable assets	294,748	1,712,356	2,007,104
Capital assets, net of depreciation	2,174,096	9,615,999	11,790,095
Right-to-use assets, net of amortization	24,902	554	25,456
Total capital assets	<u>2,493,746</u>	<u>11,328,909</u>	<u>13,822,655</u>
Total assets	<u>5,961,644</u>	<u>14,193,538</u>	<u>20,155,182</u>
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	<u>528,172</u>	<u>124,689</u>	<u>652,861</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	423,477	143,062	566,539
Compensated absences - current	14,100	3,400	17,500
General obligation bonds - current	-	85,000	85,000
Lease liabilities - current	5,624	-	5,624
Subscription liabilities - current	5,196	360	5,556
Installment purchase - current	-	57,613	57,613
Liabilities payable from restricted assets:			
Customer deposits	137,811	23,696	161,507
Total current liabilities	<u>586,208</u>	<u>313,131</u>	<u>899,339</u>

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

**TOWN OF LANDIS, NORTH CAROLINA**

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

	<b>Major Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
Non-current liabilities:			
Net pension liability	815,021	192,329	1,007,350
Compensated absences-noncurrent	11,471	2,700	14,171
General obligation bonds	-	4,101,000	4,101,000
Lease liabilities - non-current	12,393	-	12,393
Subscription liabilities - non-current	3,152	219	3,371
Installment purchase - non-current	-	116,980	116,980
Total non-current liabilities	<u>842,037</u>	<u>4,413,228</u>	<u>5,255,265</u>
 Total liabilities	 <u>1,428,245</u>	 <u>4,726,359</u>	 <u>6,154,604</u>
 <b>Deferred Inflows of Resources:</b>			
Pension deferrals	<u>27,650</u>	<u>6,547</u>	<u>34,197</u>
 <b>Net Position:</b>			
Net investment in capital assets	2,467,381	6,967,737	9,435,118
Unrestricted	<u>2,566,540</u>	<u>2,617,584</u>	<u>5,184,124</u>
Total net position	<u>\$ 5,033,921</u>	<u>\$ 9,585,321</u>	<u>\$ 14,619,242</u>

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

## TOWN OF LANDIS, NORTH CAROLINA

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

	<b>Major Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Charges for services	\$ 5,907,398	\$ 2,188,464	\$ 8,095,862
Water and sewer taps	-	105,986	105,986
Fines and penalties	147,372	-	147,372
Other operating revenues	11,823	14,191	26,014
Total operating revenues	<u>6,066,593</u>	<u>2,308,641</u>	<u>8,375,234</u>
<b>Operating Expenses:</b>			
Personnel services	1,152,737	295,879	1,448,616
Operational costs	1,188,630	513,119	1,701,749
Purchased resources - electric, water, and wastewater treatment	3,519,461	1,158,485	4,677,946
Depreciation and amortization	202,697	577,916	780,613
Total operating expenses	<u>6,063,525</u>	<u>2,545,399</u>	<u>8,608,924</u>
Operating income (loss)	<u>3,068</u>	<u>(236,758)</u>	<u>(233,690)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Gain (loss) on sale of capital assets	5,104	-	5,104
Investment earnings	87,776	83,069	170,845
Interest paid - debt	(1,598)	(146,030)	(147,628)
Total non-operating revenues (expenses)	<u>91,282</u>	<u>(62,961)</u>	<u>28,321</u>
Change in net position	94,350	(299,719)	(205,369)
<b>Net Position:</b>			
Beginning of year, July 1	<u>4,939,571</u>	<u>9,885,040</u>	<u>14,824,611</u>
End of year, June 30	<u>\$ 5,033,921</u>	<u>\$ 9,585,321</u>	<u>\$ 14,619,242</u>

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

**TOWN OF LANDIS, NORTH CAROLINA**

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

	<b>Major Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 6,032,102	\$ 2,259,019	\$ 8,291,121
Cash paid for goods and services	(4,662,030)	(1,703,441)	(6,365,471)
Cash paid to employees	(1,077,399)	(272,829)	(1,350,228)
Net cash provided (used) by operating activities	<u>292,673</u>	<u>282,749</u>	<u>575,422</u>
<b>Cash from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(166,196)	-	(166,196)
Proceeds from sale of capital assets	5,104	-	5,104
Principal paid on debt	(10,294)	(150,534)	(160,828)
Interest paid on long-term debt	(1,598)	(146,030)	(147,628)
Net cash provided (used) by capital and related financing activities	<u>(172,984)</u>	<u>(296,564)</u>	<u>(469,548)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	<u>87,776</u>	<u>83,069</u>	<u>170,845</u>
Net increase (decrease) in cash and cash equivalents	207,465	69,254	276,719
<b>Cash and Cash Equivalents:</b>			
Beginning of year, July 1	<u>2,215,120</u>	<u>2,351,300</u>	<u>4,566,420</u>
End of year, June 30	<u>\$ 2,422,585</u>	<u>\$ 2,420,554</u>	<u>\$ 4,843,139</u>

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

TOWN OF LANDIS, NORTH CAROLINA

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

	<b>Major Enterprise Funds</b>		
	<b>Electric Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 3,068	\$ (236,758)	\$ (233,690)
<b>Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:</b>			
Depreciation and amortization	202,697	577,916	780,613
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(28,584)	(47,678)	(76,262)
(Increase) decrease in prepaids	322	107	429
(Increase) decrease in deferred outflows - pensions	(4,193)	(994)	(5,187)
Increase (decrease) in accounts payable	36,331	(34,231)	2,100
Increase (decrease) in customer deposits	3,501	343	3,844
Increase (decrease) in compensated absences	(22,907)	(218)	(23,125)
Increase (decrease) in net pension liability	87,081	20,625	107,706
Increase (decrease) in deferred inflows - pensions	15,357	3,637	18,994
Total adjustments	289,605	519,507	809,112
Net cash provided (used) by operating activities	\$ 292,673	\$ 282,749	\$ 575,422
<b>Supplemental Disclosure of Non-cash Transactions:</b>			
Right-to-use assets/subscription obligations issued	\$ 7,101	\$ -	\$ 7,101

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

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# TOWN OF LANDIS, NORTH CAROLINA

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

### 1. Summary of Significant Accounting Policies

The financial statements of the Town of Landis 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 Landis is located in Rowan County, which is in the Piedmont area of North Carolina. The Town has a population of approximately 3,690. The Town provides electric, water and sewer services to its residents.

The Town of Landis is a municipal corporation governed by an elected Mayor and a four-member Board of Aldermen. As required by generally accepted accounting principles, these financial statements present the Town financial position.

#### B. Basis of Presentation

*Government-Wide Statements.* The Statement of Net Position and the Statement of Activities display the information about the government. These statements include the activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. The 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 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 and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational and 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 Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

# TOWN OF LANDIS, NORTH CAROLINA

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

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 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.

**CSLFR Fund.** The CSLFR Fund is a grant project special revenue fund used to account for the Town's portion of the American Rescue Plan Act (ARPA) funding.

The Town reports the following nonmajor governmental funds:

**Stormwater Fund.** This fund is used to account for the storm water income and expenses.

**Passive Park Capital Project Fund.** This fund is used to account for Passive Park improvements.

The Town reports the following major enterprise funds:

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

**Water and Sewer Fund.** This fund is used to account for the Town's water and sewer operations. The Sewer Lift Station Capital Project Fund has been consolidated into the Water and Sewer Fund for financial reporting purposes.

### 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 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 fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, includes 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.

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

# TOWN OF LANDIS, NORTH CAROLINA

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and the producing and delivering of 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 recover 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/amortization 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 leases and IT subscriptions are reported as other financial sources.

The Town considers all revenue 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 limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

# TOWN OF LANDIS, NORTH CAROLINA

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

### **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, Stormwater Fund and the enterprise funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for capital projects funds and the CSLFR Special Revenue Fund. 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 governmental funds, at the natural category level - personnel, operations, capital, debt service, and contingency - for all enterprise funds, and at the object level for multi-year funds. Amendments may be made within a department without limitation and without a report being required. These changes should not result in increased recurring obligations such as salaries. Transfer in amount not to exceed \$5,000 between department, including contingency appropriations, within the same fund, only in exigent necessity. An official report on such transfers is required at the next meeting of the governing board. No transfer made be made in any amount between funds unless approved by the governing boards. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

#### **Deposits and Investments**

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

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

#### **Cash and Cash Equivalents**

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

# TOWN OF LANDIS, NORTH CAROLINA

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

### Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Unspent grant proceeds are restricted by revenue source. Powell Bill funds are also 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 through 136-41.4.

#### Governmental Activities:

General Fund:	
Streets	\$ 668,321
CSLFR Fund:	
Advance from grantor	<u>84,315</u>
Total governmental activities	<u>752,636</u>

#### Business-Type Activities:

Electric Fund:	
Customer deposits	137,811
Water Fund:	
Customer deposits	<u>23,696</u>
Total business-type activities	<u>161,507</u>
Total restricted cash	<u>\$ 914,143</u>

### 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. The taxes are due on September 1; however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2023.

### Allowances for Doubtful Accounts

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

### 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.

# TOWN OF LANDIS, NORTH CAROLINA

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

### 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 of more than one year. Minimum capitalization costs are as follows: land, any value; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$15,000; furniture and equipment, \$5,000; and vehicles, \$10,000. Purchased or constructed capital assets are reported at cost or 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. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water and sewer system assets that were acquired or that received substantial improvements after July 1, 1980, and are reported at estimated historical cost using deflated replacement costs. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

The right-to-use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right-to-use subscription assets should be amortized on a straight-line basis over the subscription term.

# TOWN OF LANDIS, NORTH CAROLINA

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

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Infrastructure	30 years
Buildings	50 years
Improvements	25 years
Vehicles	5-20 years
Furniture and equipment	5-10 years
Computer equipment	5 years

### Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion – pension-related deferrals. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criteria for this category – property taxes receivable unavailable revenue (reported only on the Balance Sheet of governmental funds) and pension-related deferrals.

### 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, or proprietary fund type statements of net position. Bond premiums and discounts, as well as issuance costs, 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 premium or discount. Bond issuance cost, except for prepaid insurance costs are expensed over the life of the debt. In fund financial statements, the governmental fund type recognizes bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

### Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method

# TOWN OF LANDIS, NORTH CAROLINA

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

of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. Vacation in excess of 240 hours is transferred to sick leave on June 30 of each year.

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

### Net Position / Fund Balances

#### Net Position

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

#### Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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



# TOWN OF LANDIS, NORTH CAROLINA

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

prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

*Restricted for 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.** Committed fund balance is the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Landis’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

*Committed for Park Construction* – the portion of fund balance committed by the Board of Aldermen for the Passive Park capital project.

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

*Assigned for Subsequent Year’s Expenditures* – the portion of fund balance that is appropriated in the next year’s budget that is not already classified as restricted or committed. The governing body approves the appropriation.

*Assigned for Environmental Protection* – the portion of fund balance in the Stormwater Fund that the Town intends to use for environmental protection.

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

The Town of Landis 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, local non-Town funds, and Town funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

The Town of Landis has not adopted a minimum fund balance policy for the General Fund.

### **Defined Benefit Cost-Sharing Plans**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and additions to/deductions from LGERS’ fiduciary net position have been determined on the same basis as

# TOWN OF LANDIS, NORTH CAROLINA

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

they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **2. Detail Notes On All Funds**

### **A. Assets**

#### **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 these units' names. 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 the Town's name. The amount of the pledged collateral is based on an approval 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 to 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 but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designation official depositories and verifying that deposits are properly secured.

At June 30, 2024, the Town's deposits had a carrying amount of \$1,633,202 and a bank balance of \$1,751,522. The bank balances of the Town were covered by \$250,000 of federal depository insurance. The remaining balance of deposits is collateralized under the Pooling Method as enumerated above. At June 30, 2024, the Town's petty cash fund totaled \$1,670.

#### **Investments**

At June 30, 2024, the Town had \$8,982,302 invested with the North Carolina Capital Management

# TOWN OF LANDIS, NORTH CAROLINA

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

Trust's (NCCMT) Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's and AAA-mf by Moody's Investor Service. The Town has no policy regarding credit risk.

### Receivables – Allowances for Doubtful Accounts

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Taxes receivable	\$ 13,000	\$ -	\$ 13,000
Accounts receivable	10,535	405,559	416,094
Total	<u>\$ 23,535</u>	<u>\$ 405,559</u>	<u>\$ 429,094</u>

# TOWN OF LANDIS, NORTH CAROLINA

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

### Capital Assets

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

	<b>Balance July 1, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2024</b>
<b>Governmental Activities:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 4,475,280	\$ -	\$ (29,835)	\$ 4,445,445
Construction in progress	-	49,525	-	49,525
Total non-depreciable assets	4,475,280	49,525	(29,835)	4,494,970
<b>Depreciable Capital Assets:</b>				
Buildings	3,070,174	55,647	-	3,125,821
Infrastructure	241,866	-	-	241,866
Equipment	1,295,556	210,787	(6,000)	1,500,343
Vehicles and motorized equipment	2,483,965	-	-	2,483,965
Right-to-use leased equipment	42,091	-	-	42,091
Right-to-use IT subscription assets	89,498	-	-	89,498
Total depreciable assets	7,223,150	266,434	(6,000)	7,483,584
<b>Less Accumulated Depreciation and Amortization:</b>				
Buildings	1,433,744	65,055	-	1,498,799
Infrastructure	140,522	10,042	-	150,564
Equipment	786,977	78,457	(6,000)	859,434
Vehicles and motorized equipment	1,728,742	125,209	-	1,853,951
Right-to-use leased equipment	10,886	8,709	-	19,595
Right-to-use IT subscription assets	24,977	24,977	-	49,954
Total accumulated depreciation/amortization	4,125,848	312,449	(6,000)	4,432,297
Total depreciable assets, net	3,097,302			3,051,287
Governmental activities capital assets, net	\$ 7,572,582			\$ 7,546,257

## TOWN OF LANDIS, NORTH CAROLINA

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

Depreciation and amortization expense was charged to functions of the primary government as follows:

**Governmental Activities:**

General government	\$ 65,480
Public safety	98,817
Environmental protection	38,394
Culture and recreation	67,391
Streets	<u>42,367</u>
Total	<u>\$ 312,449</u>

Capital asset activity for the business-type activities for the year ended June 30, 2024 is as follows:

	<b>Balance July 1, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2024</b>
<b>Business-Type Activities:</b>				
<b>Electric Fund:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	<u>\$ 294,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,748</u>
<b>Depreciable Capital Assets:</b>				
Buildings and other assets	596,110	-	-	596,110
Motor vehicles	536,329	166,181	-	702,510
Equipment	984,666	-	-	984,666
Electrical system	4,363,347	-	-	4,363,347
Right-to-use leased equipment	30,118	7,116	-	37,234
Right-to-use IT subscription assets	<u>18,068</u>	<u>-</u>	<u>-</u>	<u>18,068</u>
Total depreciable capital assets	<u>6,528,638</u>	<u>173,297</u>	<u>-</u>	<u>6,701,935</u>
<b>Less Accumulated Depreciation and Amortization:</b>				
Buildings and other assets	586,357	1,146	-	587,503
Motor vehicles	348,491	38,658	-	387,149
Equipment	638,462	73,712	-	712,174
Electrical system	2,707,373	78,338	-	2,785,711
Right-to-use leased equipment	14,515	5,801	-	20,316
Right-to-use IT subscription assets	<u>5,042</u>	<u>5,042</u>	<u>-</u>	<u>10,084</u>
Total accumulated depreciation/ amortization	<u>4,300,240</u>	<u>202,697</u>	<u>-</u>	<u>4,502,937</u>
Total depreciable capital assets, net	<u>2,228,398</u>			<u>2,198,998</u>
Electric Fund capital assets, net	<u>2,523,146</u>			<u>2,493,746</u>

**TOWN OF LANDIS, NORTH CAROLINA**

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

	<b>Balance July 1, 2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2024</b>
<b>Water and Sewer Fund:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	1,712,356	-	-	1,712,356
<b>Depreciable Capital Assets:</b>				
Buildings	219,072	-	-	219,072
Motor vehicles	135,434	-	-	135,434
Equipment	1,617,505	-	-	1,617,505
Water/sewer system	19,542,792	-	-	19,542,792
Right-to-use IT subscription assets	1,252	-	-	1,252
Total depreciable capital assets	21,516,055	-	-	21,516,055
<b>Less Accumulated Depreciation and Amortization:</b>				
Buildings	143,492	7,557	-	151,049
Motor vehicles	83,930	9,355	-	93,285
Equipment	1,233,564	138,170	-	1,371,734
Water/sewer system	9,860,251	422,485	-	10,282,736
Right-to-use IT subscription assets	349	349	-	698
Total accumulated depreciation/ amortization	11,321,586	577,916	-	11,899,502
Total depreciable capital assets, net	10,194,469			9,616,553
Water and Sewer Fund capital assets, net	11,906,825			11,328,909
Business-type capital assets, net	\$ 14,429,971			\$ 13,822,655

**Construction Commitments**

As of June 30, 2024, the Town had no open construction commitments.

**TOWN OF LANDIS, NORTH CAROLINA**

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

**B. Liabilities**

**Payables**

Payables at the government-wide level at June 30, 2024 were as follows:

	<b>Vendors</b>	<b>Salaries &amp; Benefits</b>	<b>Total</b>
<b>Governmental Activities:</b>			
General	\$ 136,180	\$ 69,257	\$ 205,437
<b>Business-Type Activities:</b>			
Electric Fund	\$ 423,477	\$ -	\$ 423,477
Water & Sewer Fund	143,062	-	143,062
Total - business-type activities	\$ 566,539	\$ -	\$ 566,539

**Pension Plan Obligations**

**Local Governmental Employees' Retirement System**

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

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service

# TOWN OF LANDIS, NORTH CAROLINA

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

regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2024, was 14.04% of compensation for law enforcement officers and 12.85% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$373,741 for the year ended June 30, 2024.

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

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

At June 30, 2024, the Town reported a liability of \$2,143,297 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the



**TOWN OF LANDIS, NORTH CAROLINA**

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

pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024, the Town’s proportion was 0.03236% (measured as of June 30, 2023), which was an decrease of 0.00157% from its proportion as of June 30, 2023 (measured as of June 30, 2022.)

For the year ended June 30, 2024, the Town recognized pension expense of \$632,280. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 238,827	\$ 5,142
Changes of assumptions	91,078	-
Net difference between projected and actual earnings on pension plan investments	573,640	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	111,779	67,615
Town contributions subsequent to the measurement date	373,741	-
<b>Total</b>	<u><u>\$ 1,389,065</u></u>	<u><u>\$ 72,757</u></u>

\$373,741 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2025	\$ 361,686
2026	188,333
2027	368,291
2028	24,257
2029	-
Thereafter	-
<b>Total</b>	<u><u>\$ 942,567</u></u>

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

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

# TOWN OF LANDIS, NORTH CAROLINA

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

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

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

Future and ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income returns projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis.

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic fixed income	7.0%	5.0%
Inflation sensitive	6.0%	2.7%
Total	<u>100.00%</u>	

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

**TOWN OF LANDIS, NORTH CAROLINA**

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

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

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

	<b>1% Decrease (5.50%)</b>	<b>Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 3,713,178	\$ 2,143,297	\$ 850,824

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

**Law Enforcement Officers Special Allowance**

*Plan Description.* The Town administers a public employee retirement system (the “Separation Allowance”); a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of GS Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

# TOWN OF LANDIS, NORTH CAROLINA

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

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

Retirees receiving benefits	-
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	8
Total	8

### Summary of Significant Accounting Policies

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

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

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

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and real wage growth
Discount rate	4.00 percent

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20-Year High Grade Rate Index at December 31, 2022.

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

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

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

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

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

# TOWN OF LANDIS, NORTH CAROLINA

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

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

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

*Contributions.* The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$0 as benefits came due for the reporting period.

At June 30, 2024, the Town reported a total pension liability of \$235,201. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$35,030.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 68,390	\$ 84,246
Changes of assumptions	29,384	75,756
Total	\$ 97,774	\$ 160,002

There were no payments made or administrative expenses incurred subsequent to the measurement date that will be recognized as a decrease of the total pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2025	\$ 7,226
2026	(3,220)
2027	(14,006)
2028	(15,980)
2029	(18,285)
Thereafter	(17,963)
Total	\$ (62,228)

**TOWN OF LANDIS, NORTH CAROLINA**

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

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

	<b>1% Decrease (3.00%)</b>	<b>Discount Rate (4.00%)</b>	<b>1% Increase (5.00%)</b>
Total pension liability	\$ 264,232	\$ 235,201	\$ 209,109

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

	<b>2024</b>
Beginning balance	\$ 299,403
Service cost	12,471
Interest on the total pension liability	12,904
Differences between expected and actual experience	(97,430)
Changes of assumptions or other inputs	7,853
Ending balance of the total pension liability	\$ 235,201

**Supplemental Retirement Income Plan for Law Enforcement Officers and Other Employees**

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

# TOWN OF LANDIS, NORTH CAROLINA

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

*Funding Policy.* Article 12E of GS Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town made contributions of \$36,101 for the reporting year. No amounts were forfeited.

The Town contributes each month an amount equal to five percent of other employees' salaries, and all amounts contributed are vested immediately. Also, the other employees may make voluntary contributions to the plan. The Town made contributions of \$71,803 for the reporting year. \$8,926 was forfeited.

### **Other Employment Benefits**

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

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 632,280	\$ 35,030	\$ 667,310
Pension liability	2,143,297	235,201	2,378,498
Proportion of the net pension liability	0.03236%	NA	-

## TOWN OF LANDIS, NORTH CAROLINA

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

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>LGERS</b>	<b>LEOSSA</b>	<b>Total</b>
<b>Deferred Outflows of Resources:</b>			
Differences between expected and actual experience	\$ 238,827	\$ 68,390	\$ 307,217
Changes of assumptions	91,078	29,384	120,462
Net difference between projected and actual earnings on pension plan investments	573,640	-	573,640
Changes in proportion and differences between Town contributions and proportionate share of contributions	111,779	-	111,779
Town contributions (LGERS) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	373,741	-	373,741
Total	\$ 1,389,065	\$ 97,774	\$ 1,486,839
<b>Deferred Inflows of Resources:</b>			
Differences between expected and actual experience	\$ 5,142	\$ 84,246	\$ 89,388
Changes of assumptions	-	75,756	75,756
Changes in proportion and differences between Town contributions and proportionate share of contributions	67,615	-	67,615
Total	\$ 72,757	\$ 160,002	\$ 232,759



**TOWN OF LANDIS, NORTH CAROLINA**

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

**Deferred Outflows and Inflows of Resources**

Deferred outflows of resources are comprised of the following:

<b>Source</b>	<b>Amount</b>
Contributions to pension plan in current fiscal year (LGERS)	\$ 373,741
Pension deferrals (LGERS)	1,015,324
Pension deferrals (LEOSSA)	97,774
Total	\$ 1,486,839

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

	<b>Statement of Net Position</b>	<b>Governmental Balance Sheet</b>
Taxes receivable, net (General Fund)	\$ -	\$ 80,727
Pension deferrals (LGERS)	72,757	-
Pension deferrals (LEOSSA)	160,002	-
Total	\$ 232,759	\$ 80,727

**Risk Management**

The Town is exposed to various risks of loss related to torts; theft or 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 this pool, the Town obtains worker’s compensation coverage up to the statutory limits. The pool is reinsured through commercial companies for single occurrence claims in excess of \$300,000 statutory limit.

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 carries no flood insurance for the year because the Town of Landis is not considered to be in a flood area, therefore the cost of this type insurance would outweigh the benefit.

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 Town has a \$1,000,000 fidelity bond on the Finance Director, \$75,000 on the Town Manager; and a blanket bond of \$100,000 for all other employees.

# TOWN OF LANDIS, NORTH CAROLINA

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

### Long-Term Obligations

#### Lease Liabilities

The Town has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. Details of the Town’s lease liabilities at June 30, 2024 are as follows:

On March 10, 2022, the Town entered into a 60-month lease for the use of copiers. An initial lease liability of \$63,137 was recorded at the present value of future minimum lease payments using the Town’s incremental borrowing rate 5% on the implementation date of July 1, 2022. At June 30, 2024, the value of the lease liability was \$36,664. The Town is required to make monthly fixed payments of \$1,191. The related right-to-use asset has a carrying value of \$33,745.

On July 1, 2023, the Town entered into a 60-month lease for the use of postage machines. An initial lease liability of \$7,101 was recorded at the present value of future minimum lease payments using the Town’s incremental borrowing rate 5%. At June 30, 2024, the value of the lease liability was \$5,794. The Town is required to make monthly fixed payments of \$136. The related right-to-use asset has a carrying value of \$5,669.

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

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 8,503	\$ 1,029	\$ 9,532	\$ 5,624	\$ 774	\$ 6,398
2026	8,938	594	9,532	5,913	485	6,398
2027	7,000	147	7,147	5,019	187	5,206
2028	-	-	-	1,461	37	1,498
Total	<u>\$ 24,441</u>	<u>\$ 1,770</u>	<u>\$ 26,211</u>	<u>\$ 18,017</u>	<u>\$ 1,483</u>	<u>\$ 19,500</u>

#### Subscription Liabilities

The Town has entered into subscription-based information technology arrangements (SBITAs). The SBITAs qualify as other than short-term SBITAs under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

On July 1, 2022, the Town was party to a 43-month subscription for VC3 Modern Office Advantage. The initial subscription liabilities totaling \$81,336 were recorded at the present value of future minimum subscription payments using the Town’s incremental borrowing rate 5%. At June 30, 2024, the value of the subscription liabilities was \$37,581. The Town is required to make monthly fixed payments of \$2,061. The related right-to-use assets have carrying values totaling \$35,938.

**TOWN OF LANDIS, NORTH CAROLINA**

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

On July 1, 2022, the Town was party to a 43-month subscription for the use VC3 Voice Advantage. The initial subscription liabilities totaling \$27,482 were recorded at the present value of future minimum subscription payments using the Town’s incremental borrowing rate 5%. At June 30, 2024, the value of the subscription liabilities was \$12,698. The Town is required to make monthly fixed payments of \$697. The related right-to-use assets have carrying values totaling \$12,144.

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

<b>Year Ending</b>	<b>Governmental Activities</b>			<b>Business-Type Activities</b>			
	<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$	25,736	\$ 1,483	\$ 27,219	\$ 5,556	\$ 265	\$ 5,821
2026		15,616	261	15,877	3,371	47	3,418
Total	\$	41,352	\$ 1,744	\$ 43,096	\$ 8,927	\$ 312	\$ 9,239

**Direct Borrowing Installment Purchases**

**General Fund**

In September 2006, the Town entered into a financing agreement to advance up to \$913,951 for the construction and renovation of their municipal building with the financing to be paid off by September 14, 2007. At June 30, 2007, the amount borrowed from the bank was \$816,181. At the same time, the Town entered into an agreement with the United States Department of Agriculture-Rural Development to furnish the long-term financing for the construction project. On July 19, 2007, the Town entered into two installment purchase contracts with the United States Department of Agriculture-Rural Development. One contract was for \$580,000 with an interest rate of 4.125%. The first of forty payments of \$29,853 was due on July 19, 2008, and \$29,853 is due each year thereafter. The final payment is due on July 19, 2047. The other contract was for \$363,950 with an interest rate of 4.25%. The first of forty payments of \$19,078 was due on July 19, 2008, and \$19,078 is due each year thereafter. The loans are secured by the municipal building. In the event of default, the lender, at its sole discretion, may declare the outstanding indebtedness immediately due and payable. The lender can also enforce its security interest in the mortgaged property. This debt also requires a reserve amount equal to one year’s debt payment for each loan.

**TOWN OF LANDIS, NORTH CAROLINA**

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

The future minimum payments of the installment purchases as of June 30, 2024 are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 18,345	\$ 30,586	\$ 48,931
2026	19,111	29,820	48,931
2027	19,908	29,023	48,931
2028	20,639	28,292	48,931
2029	21,604	27,327	48,931
2030-2034	122,320	122,335	244,655
2035-2039	150,065	94,590	244,655
2040-2044	184,104	60,551	244,655
2045-2048	176,431	17,505	193,936
Total	<u>\$ 732,527</u>	<u>\$ 440,029</u>	<u>\$ 1,172,556</u>

**Proprietary Funds**

On May 1, 2016, the Town entered into an installment purchase contract with the North Carolina Department of Environmental Quality (DEQ) for the purchase of Advanced Metering Infrastructure (AMI) for the Water Fund. The financing contract was for \$212,693 and requires twenty annual consecutive principal payments of \$10,635 beginning May 1, 2017 at 0% interest. The loan is secured by the equipment. In the event of default, monies owed to the Town by the State of North Carolina may be used to satisfy the debt requirement.

The future minimum payments of the installment purchase as of June 30, 2024 are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 10,635	\$ -	\$ 10,635
2026	10,635	-	10,635
2027	10,635	-	10,635
2028	10,635	-	10,635
2029	10,635	-	10,635
2030-2034	53,173	-	53,173
2035-2036	21,267	-	21,267
Total	<u>\$ 127,615</u>	<u>\$ -</u>	<u>\$ 127,615</u>

In October 2017, the Town entered into an installment purchase contract for the purchase of sewer equipment. The financing contract was for \$380,319 and includes seven annual principal payments of \$55,557 plus accrued interest beginning October 1, 2018 with the outstanding principal and interest due in full on October 1, 2024. Interest will accrue on the outstanding principal balance at a fixed rate of 3.25% for seven years. The loan is secured by the equipment.

**TOWN OF LANDIS, NORTH CAROLINA**

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

In the event of default, the lender, at its sole discretion, may declare the outstanding indebtedness immediately due and payable. The lender can also enforce its security interest in the mortgaged property.

The future minimum payments of the installment purchase as of June 30, 2024 are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 46,978	\$ 4,515	\$ 51,493

**General Obligation Indebtedness**

The Town’s general obligation bonds serviced by the proprietary funds were issued for the acquisition of water system improvements. Those general obligation bonds issued to finance the improvements utilized in the operations of the water system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due. In the event of a default, the Town will be required to increase its tax rate to cover the cost of debt service.

Bonds payable at June 30, 2024 are comprised of the following individual issues:

**General Obligation Bonds**

**Serviced by the Water and Sewer Fund:**

\$2,896,000, USDA – general obligation water bond, Series 2013A bonds due in annual installments of interest only through June 1, 2016 and principal plus interest from June 1, 2016 through June 1, 2053; interest is at 3.5%.	\$ 2,504,000
\$470,000, USDA – general obligation water bond, Series 2013B bonds due in annual installments of interest only through June 1, 2016 and principal plus interest from June 1, 2016 through June 1, 2053; interest is at 2.75%.	395,000
\$917,000, USDA - general obligation wastewater bond, Series 2015A bonds due in annual installments of interest only through June 1, 2017 and principal plus interest from June 1, 2019 through June 1, 2055; interest is at 3.625%.	822,000
\$529,000, USDA - general obligation sewer bond, Series 2015B bonds due in annual installments of interest only through June 1, 2017 and principal plus interest from June 1, 2019 through June 1, 2055; interest is at 2.875%.	465,000
	\$ 4,186,000

## TOWN OF LANDIS, NORTH CAROLINA

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

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 85,000	\$ 141,669	\$ 226,669
2026	89,000	138,805	227,805
2027	91,000	135,808	226,808
2028	95,000	132,740	227,740
2029	98,000	129,538	227,538
2030-2034	542,000	595,821	1,137,821
2035-2039	639,000	497,962	1,136,962
2040-2044	754,000	382,463	1,136,463
2045-2049	890,000	245,865	1,135,865
2050-2054	875,000	85,014	960,014
2055	28,000	948	28,948
Total	<u>\$ 4,186,000</u>	<u>\$ 2,486,633</u>	<u>\$ 6,672,633</u>

#### Changes in Long-Term Liabilities

	<u>Balance July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2024</u>	<u>Current Portion of Balance</u>
<b>Governmental Activities:</b>					
Compensated absences	\$ 115,898	\$ 72,259	\$ 51,136	\$ 137,021	\$ 75,400
Total pension liability - LEOSSA	299,403	-	64,202	235,201	-
Net pension liability - LGERS	1,014,493	121,454	-	1,135,947	-
Lease liabilities	32,530	-	8,089	24,441	8,503
Subscription liabilities	65,835	-	24,483	41,352	25,736
Direct borrowing					
installment purchases	749,867	-	17,340	732,527	18,345
Total governmental activities	<u>\$ 2,278,026</u>	<u>\$ 193,713</u>	<u>\$ 165,250</u>	<u>\$ 2,306,489</u>	<u>\$ 127,984</u>
<b>Business-Type Activities:</b>					
Compensated absences	\$ 54,796	\$ 4,429	\$ 27,554	\$ 31,671	\$ 17,500
Net pension liability - LGERS	899,644	107,706	-	1,007,350	-
General obligation bonds	4,270,000	-	84,000	4,186,000	85,000
Lease liabilities	16,267	7,101	5,351	18,017	5,624
Subscription liabilities	14,212	-	5,285	8,927	5,556
Direct borrowing					
installment purchases	240,785	-	66,192	174,593	57,613
Total business-type activities	<u>\$ 5,495,704</u>	<u>\$ 119,236</u>	<u>\$ 188,382</u>	<u>\$ 5,426,558</u>	<u>\$ 171,293</u>

**TOWN OF LANDIS, NORTH CAROLINA**

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

Compensated absences for governmental activities have typically been liquidated in the General Fund.

At June 30, 2024, the Town of Landis had no authorized but unissued bonds and a legal debt margin of \$35,062,000.

**C. Interfund Balances and Activity**

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

<b>From:</b>	<b>To:</b>	<b>Purpose</b>	<b>Amount</b>
CSLFR Fund	General Fund	Generator for Town Hall	<u>\$ 101,475</u>

At June 30, 2024, the Passive Park Capital Project Fund owed the General Fund \$16,243 for project expenditures paid by the General Fund.

**D. Net Investment in Capital Assets**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets, net	\$ 7,546,257	\$ 13,822,655
Less:		
Long-term debt	(798,320)	(4,387,537)
Net investment in capital assets	<u>\$ 6,747,937</u>	<u>\$ 9,435,118</u>

**E. 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	\$ 5,442,777
Less:	
Stabilization by state statute	<u>(453,001)</u>
Total available fund balance	<u>\$ 4,989,776</u>

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. There were \$0 encumbrances at June 30, 2024.

# TOWN OF LANDIS, NORTH CAROLINA

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

### 3. Jointly Governed Organization

The Town, in conjunction with twenty other local governments, is a member of the North Carolina Municipal Power Agency (NCMPA1). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain general and transmission facilities. Each participating government appoints one commissioner to the Electric Agency's governing board. The 21 members, who receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2024 were \$3,519,461.

### 4. Joint Ventures

The Town and the members of the Town's fire department each appoint Town members to the five-member local Board of Trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local Board of Trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums which insurers remit to the state. The state passes these monies to the local Board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The Firemen's Relief Fund is separate from the Town and they receive their own on-behalf payments and handle their own account. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements on June 30, 2024. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local Board of Trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

### 5. Summary Disclosure of Significant Contingencies

#### Federal and State-Assisted Programs

The Town has received proceeds from 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 agreement. 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 moneys.

### 6. Subsequent Event

On August 26, 2024, the Town received a substantial credit from NCMPA1 of \$982,979. This is the result of a one-time credit of NCMPA1 excess working capital as recommended by the NCMPA1 Rate Committee and approved by the NCMPA1 Board of Commissioners and the ElectricCities Board of Directors.



## **Required Supplemental Financial Data**

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This section contains additional information required by generally accepted accounting principles.

*Law Enforcement Officers’  
Special Separation Allowance –*

Schedule of Changes in Total Pension Liability and  
Schedule of Total Pension Liability as a  
Percentage of Covered-Employee Payroll

*Local Governmental Employees’ Retirement System –*

Schedule of Proportionate Share of  
Net Pension Liability (Asset) and  
Schedule of Town Contributions

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**TOWN OF LANDIS, NORTH CAROLINA**

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE LAST EIGHT FISCAL YEARS**

<b>Law Enforcement Officers' Special Separation Allowance</b>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 299,403	\$ 316,084	\$ 271,134	\$ 149,558
Service cost interest on total pension liability	12,471	24,548	18,800	13,187
Interest	12,904	7,066	5,165	4,762
Differences between expected and actual experience in the measurement of the total pension liability	(97,430)	50,741	41,310	31,348
Changes of assumptions or other inputs	7,853	(95,001)	(13,331)	79,273
Benefit payments	-	(4,035)	(6,994)	(6,994)
Other changes (prior period adjustment*)	-	-	-	-
Ending balance of the total pension liability	<u>\$ 235,201</u>	<u>\$ 299,403</u>	<u>\$ 316,084</u>	<u>\$ 271,134</u>

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

\* Prior period adjustment made to net position during FYE June 30, 2020 for cumulative effect of understatement of total pension liability prior to years ended June 30, 2020. Tables above and below have been restated to reflect the correct ending balances coming forward each year since 2017.

Pension schedules are intended to show information for ten years. The additional years' information will be displayed as it becomes available.

**TOWN OF LANDIS, NORTH CAROLINA**

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE LAST EIGHT FISCAL YEARS**

<b>Law Enforcement Officers' Special Separation Allowance</b>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 129,864	\$ 115,435	\$ 100,225	\$ 5,716
Service cost interest on total pension liability	8,688	8,274	6,203	16,079
Interest	4,600	3,537	3,734	15,031
Differences between expected and actual experience in the measurement of the total pension liability	7,503	16,421	-	-
Changes of assumptions or other inputs	5,897	(6,809)	12,267	(25,394)
Benefit payments	(6,994)	(6,994)	(6,994)	-
Other changes (prior period adjustment*)	-	-	-	88,793
Ending balance of the total pension liability	<u>\$ 149,558</u>	<u>\$ 129,864</u>	<u>\$ 115,435</u>	<u>\$ 100,225</u>

**TOWN OF LANDIS, NORTH CAROLINA**

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

<b>Law Enforcement Officers' Special Separation Allowance</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Total pension liability	\$ 235,201	\$ 299,403	\$ 316,084	\$ 271,134
Covered-employee payroll	458,841	580,132	469,128	566,682
Total pension liability as a percentage of covered-employee payroll	51.26%	51.61%	67.38%	47.85%

**Notes to the Schedules:**

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

Pension schedules are intended to show information for ten years. The additional years' information will be displayed as it becomes available.

**TOWN OF LANDIS, NORTH CAROLINA**

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

	<b>Law Enforcement Officers' Special Separation Allowance</b>			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 149,558	\$ 129,864	\$ 115,435	\$ 115,435
Covered-employee payroll	477,445	440,034	421,270	421,270
Total pension liability as a percentage of covered-employee payroll	31.32%	29.51%	27.40%	27.40%

**TOWN OF LANDIS, NORTH CAROLINA**

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

	<b>Local Governmental Employees' Retirement System</b>				
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
Landis' proportion of the net pension liability (asset) (%)	0.03236%	0.03393%	0.02499%	0.02406%	0.02975%
Landis' proportion of the net pension liability (asset) (\$)	\$ 2,143,297	\$ 1,914,137	\$ 383,246	\$ 859,766	\$ 812,449
Landis' covered payroll	\$ 2,658,368	\$ 2,016,446	\$ 2,118,356	\$ 1,750,045	\$ 1,896,331
Landis' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	80.62%	94.93%	18.09%	49.13%	42.84%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	88.61%	90.86%

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

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

**TOWN OF LANDIS, NORTH CAROLINA**

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

	<b>Local Governmental Employees' Retirement System</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Landis' proportion of the net pension liability (asset) (%)	0.02699%	0.02802%	0.03002%	0.02699%	0.02546%
Landis' proportion of the net pension liability (asset) (\$)	\$ 640,295	\$ 428,068	\$ 637,125	\$ 121,130	\$ (150,149)
Landis' covered payroll	\$ 1,856,613	\$ 1,795,308	\$ 1,822,279	\$ 1,710,393	\$ 1,509,543
Landis' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	34.49%	23.84%	34.96%	7.08%	( 9.95%)
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%

**TOWN OF LANDIS, NORTH CAROLINA****TOWN OF LANDIS' CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS**

<b>Local Governmental Employees' Retirement System</b>					
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 373,741	\$ 328,448	\$ 256,775	\$ 208,306	\$ 156,185
Contributions in relation to the contractually required contribution	<u>373,741</u>	<u>328,448</u>	<u>256,775</u>	<u>208,306</u>	<u>156,185</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Landis' covered payroll	\$ 2,877,157	\$ 2,658,368	\$ 2,016,446	\$ 2,118,356	\$ 1,750,045
Contributions as a percentage of covered payroll	12.99%	12.36%	12.73%	9.83%	8.92%



**TOWN OF LANDIS, NORTH CAROLINA****TOWN OF LANDIS' CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS**

<b>Local Governmental Employees' Retirement System</b>					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 153,709	\$ 145,517	\$ 139,325	\$ 150,919	\$ 125,022
Contributions in relation to the contractually required contribution	<u>153,709</u>	<u>145,517</u>	<u>139,325</u>	<u>150,919</u>	<u>125,022</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Landis' covered payroll	\$ 1,896,331	\$ 1,856,613	\$ 1,795,308	\$ 1,822,279	\$ 1,710,393
Contributions as a percentage of covered payroll	8.11%	7.84%	7.76%	8.28%	7.31%

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## **Governmental Activities Major Funds**

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The **General Fund** is the main operating fund of the Town. This fund is used to account for all financial resources traditionally associated with government activities that are not required legally or by sound financial management to be accounted for in other funds.

The **CSLFR Fund** is used to account for the Town's \$1,000,073 portion of the American Rescue Plan Act (ARPA) funds.

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TOWN OF LANDIS, NORTH CAROLINA

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes	\$ 2,152,863	\$ 2,195,613	\$ 42,750
Taxes - motor vehicles	216,477	258,402	41,925
Vehicle tag fee	63,000	57,150	(5,850)
Delinquent taxes	35,200	26,589	(8,611)
Penalties and interest	13,400	14,892	1,492
Total	<u>2,480,940</u>	<u>2,552,646</u>	<u>71,706</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Local option sales tax	990,000	1,317,978	327,978
Telecommunications sales tax	10,500	9,334	(1,166)
Franchise tax on electric power	273,000	293,138	20,138
Piped natural gas sales tax	10,500	13,647	3,147
Beer and wine tax	14,000	18,707	4,707
Video franchise fee	9,100	9,596	496
Solid waster disposal tax	1,800	3,030	1,230
Total	<u>1,308,900</u>	<u>1,665,430</u>	<u>356,530</u>
<b>Restricted Intergovernmental Revenues:</b>			
Powell Bill allocation	117,500	131,310	13,810
School resource officer	175,000	162,077	(12,923)
Other grants	6,195	21,880	15,685
Total	<u>298,695</u>	<u>315,267</u>	<u>16,572</u>
<b>Sales and Services:</b>			
Garbage collection fees	305,000	322,100	17,100
Police fees	1,180	1,251	71
Building rental fees	7,200	11,075	3,875
Planning and zoning fees	50,000	62,822	12,822
Recreation program user fees	127,400	184,576	57,176
Total	<u>490,780</u>	<u>581,824</u>	<u>91,044</u>
<b>Interest Earnings:</b>			
Investment earnings	57,000	203,643	146,643
Investment earnings - Powell	14,000	33,841	19,841
Total	<u>71,000</u>	<u>237,484</u>	<u>166,484</u>

TOWN OF LANDIS, NORTH CAROLINA

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Miscellaneous:</b>			
ABC profit distribution	14,000	15,898	1,898
Fire income	1,320	1,250	(70)
Insurance proceeds	-	32,242	32,242
Sale of capital assets	11,500	1,925	(9,575)
Other	24,000	82,415	58,415
Total	<u>50,820</u>	<u>133,730</u>	<u>82,910</u>
Total revenues	<u>4,701,135</u>	<u>5,486,381</u>	<u>785,246</u>
<b>General Government:</b>			
<b>Governing Body:</b>			
Mayor and alderman fees	20,300	20,300	-
Operating expenditures	22,000	20,247	1,753
Total	<u>42,300</u>	<u>40,547</u>	<u>1,753</u>
<b>Administrative and General:</b>			
Salaries and employee benefits	581,504	500,891	80,613
Operating expenditures	479,822	492,584	(12,762)
Capital outlay	252,518	182,052	70,466
Administrative service charge	(725,331)	(727,673)	2,342
Total	<u>588,513</u>	<u>447,854</u>	<u>140,659</u>
Total general government	<u>630,813</u>	<u>488,401</u>	<u>142,412</u>
<b>Public Safety:</b>			
<b>Police:</b>			
Salaries and employee benefits	1,185,159	969,155	216,004
Operating expenditures	223,419	199,484	23,935
Capital outlay	21,761	21,760	1
Total	<u>1,430,339</u>	<u>1,190,399</u>	<u>239,940</u>
<b>Police Foundation:</b>			
Operating expenditures	<u>15,000</u>	<u>10,845</u>	<u>4,155</u>
<b>Fire Department:</b>			
Salaries and employee benefits	792,388	844,969	(52,581)
Operating expenditures	180,134	121,179	58,955
Capital outlay	465,360	62,622	402,738
Total	<u>1,437,882</u>	<u>1,028,770</u>	<u>409,112</u>
Total public safety	<u>2,883,221</u>	<u>2,230,014</u>	<u>653,207</u>

TOWN OF LANDIS, NORTH CAROLINA

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Public Services:</b>			
<b>Street Department:</b>			
Salaries and employee benefits	504,740	458,831	45,909
Operating expenditures	<u>250,085</u>	<u>143,636</u>	<u>106,449</u>
Total	<u>754,825</u>	<u>602,467</u>	<u>152,358</u>
<b>Powell Bill:</b>			
Operating expenditures	<u>405,200</u>	<u>111,683</u>	<u>293,517</u>
<b>Environmental Protection:</b>			
Sanitation and maintenance	<u>259,300</u>	<u>267,623</u>	<u>(8,323)</u>
Total public services	<u>1,419,325</u>	<u>981,773</u>	<u>437,552</u>
<b>Cultural and Recreational:</b>			
<b>Recreation Department:</b>			
Salaries and employee benefits	295,828	295,878	(50)
Operating expenditures	194,781	186,004	8,777
Capital outlay	<u>30,938</u>	<u>-</u>	<u>30,938</u>
Total cultural and recreational	<u>521,547</u>	<u>481,882</u>	<u>39,665</u>
<b>Debt Service:</b>			
Principal retirement	48,949	48,953	(4)
Interest	<u>37,228</u>	<u>35,711</u>	<u>1,517</u>
Total debt service	<u>86,177</u>	<u>84,664</u>	<u>1,513</u>
Total expenditures	<u>5,541,083</u>	<u>4,266,734</u>	<u>1,274,349</u>
Revenues over (under) expenditures	<u>(839,948)</u>	<u>1,219,647</u>	<u>2,059,595</u>
<b>Other Financing Sources (Uses):</b>			
Transfer (to) from special revenue fund	<u>-</u>	<u>101,475</u>	<u>101,475</u>
Appropriated fund balance	<u>839,948</u>	<u>-</u>	<u>(839,948)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,321,122</u>	<u>\$ 1,321,122</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>4,121,655</u>	
End of year, June 30		<u>\$ 5,442,777</u>	

## TOWN OF LANDIS, NORTH CAROLINA

**CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>		
<b>Revenues:</b>					
Restricted intergovernmental revenues	\$ 1,000,073	\$ 898,611	\$ 101,475	\$ 1,000,086	\$ 13
<b>Expenditures:</b>					
Grant expenditures	63,532	63,532	-	63,532	-
Revenues over (under) expenditures	936,541	835,079	101,475	936,554	13
<b>Other Financing Sources (Uses):</b>					
Transfer (to) General Fund	(925,132)	(823,670)	(101,475)	(925,145)	(13)
Transfer (to) Water and Sewer Fund	(11,409)	(11,409)	-	(11,409)	-
Total other financing sources (uses)	(936,541)	(835,079)	(101,475)	(936,554)	(13)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



## **Nonmajor Funds**

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**Special Revenue Funds** are used to account for revenues that are legally restricted to expenditures for a particular purpose.

The Town has the following Special Revenue Fund:

**Stormwater Fund** – This fund accounts for Town’s stormwater operations.

**Capital Projects Funds** account for all resources used for the acquisition and/or construction of major capital facilities other than those financed by Enterprise Funds.

The Town has the following Capital Project Fund:

**Passive Park Capital Project Fund** – This fund is used to account for Passive Park improvements.

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## TOWN OF LANDIS, NORTH CAROLINA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2024

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
	<u>Storm Water</u>	<u>Passive Park Capital Project</u>	
<b>Assets:</b>			
Cash - unrestricted	\$ 343,931	\$ 179,574	\$ 523,505
Accounts receivable (net)	36,899	306	37,205
Total assets	<u>\$ 380,830</u>	<u>\$ 179,880</u>	<u>\$ 560,710</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Due to other funds	<u>\$ -</u>	<u>\$ 16,243</u>	<u>\$ 16,243</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization by state statute	36,899	-	36,899
Committed:			
Park construction	-	163,637	163,637
Assigned:			
Environmental protection	<u>343,931</u>	<u>-</u>	<u>343,931</u>
Total fund balances	<u>380,830</u>	<u>163,637</u>	<u>544,467</u>
Total liabilities and fund balances	<u>\$ 380,830</u>	<u>\$ 179,880</u>	<u>\$ 560,710</u>

## TOWN OF LANDIS, NORTH CAROLINA

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

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Storm Water</u>	<u>Passive Park Capital Project</u>	
<b>Revenues:</b>			
Storm water fees	\$ 116,719	\$ -	\$ 116,719
Investment earnings	2,799	204	3,003
Miscellaneous	164	-	164
Total revenues	<u>119,682</u>	<u>204</u>	<u>119,886</u>
<b>Expenditures:</b>			
Current:			
Environmental protection	90,526	-	90,526
Cultural and recreational	-	49,525	49,525
Debt service:			
Principal	959	-	959
Interest	107	-	107
Total expenditures	<u>91,592</u>	<u>49,525</u>	<u>141,117</u>
Net change in fund balance	28,090	(49,321)	(21,231)
<b>Fund Balances:</b>			
Beginning of year, July 1	<u>352,740</u>	<u>212,958</u>	<u>565,698</u>
End of year, June 30	<u>\$ 380,830</u>	<u>\$ 163,637</u>	<u>\$ 544,467</u>

## TOWN OF LANDIS, NORTH CAROLINA

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Stormwater fees	\$ 115,000	\$ 116,719	\$ 1,719
Investment earnings	1,200	2,799	1,599
Miscellaneous	<u>-</u>	<u>164</u>	<u>164</u>
Total revenues	<u>116,200</u>	<u>119,682</u>	<u>3,482</u>
<b>Expenditures:</b>			
Salaries and benefits	42,924	33,179	9,745
Operating expenditures	76,015	57,347	18,668
Debt service:			
Principal retirement	-	959	(959)
Interest	<u>-</u>	<u>107</u>	<u>(107)</u>
Total expenditures	<u>118,939</u>	<u>91,592</u>	<u>27,347</u>
Revenues over (under) expenditures	(2,739)	28,090	30,829
<b>Other Financing Sources (Uses):</b>			
Transfer (to) from General Fund	<u>2,739</u>	<u>-</u>	<u>(2,739)</u>
Net change in fund balance	<u>\$ -</u>	28,090	<u>\$ 28,090</u>
<b>Fund Balance:</b>			
Beginning of year, July 1		<u>352,740</u>	
End of year, June 30		<u>\$ 380,830</u>	

## TOWN OF LANDIS, NORTH CAROLINA

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

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 290	\$ 204	\$ 494	\$ 494
<b>Expenditures:</b>					
Professional fees	158,385	20,348	49,525	69,873	88,512
Construction and renovations	74,587	-	-	-	74,587
Total expenditures	<u>232,972</u>	<u>20,348</u>	<u>49,525</u>	<u>69,873</u>	<u>163,099</u>
Revenues over (under) expenditures	<u>(232,972)</u>	<u>(20,058)</u>	<u>(49,321)</u>	<u>(69,379)</u>	<u>163,593</u>
<b>Other Financing Sources (Uses):</b>					
Transfer from General Fund	286,722	286,766	-	286,766	44
Transfer to General Fund	<u>(53,750)</u>	<u>(53,750)</u>	<u>-</u>	<u>(53,750)</u>	<u>-</u>
Total other financing sources (uses)	<u>232,972</u>	<u>233,016</u>	<u>-</u>	<u>233,016</u>	<u>44</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 212,958</u>	<u>\$ (49,321)</u>	<u>\$ 163,637</u>	<u>\$ 163,637</u>

## **Enterprise Funds**

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The **Enterprise Funds** are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

The Town has the following Enterprise Funds:

**Electric Fund** – This fund accounts for the Town’s electric operations.

**Water and Sewer Fund** – This fund accounts for the Town’s water and sewer operations, as well as a capital project fund which is consolidated with the operating fund for financial reporting purposes.

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**TOWN OF LANDIS, NORTH CAROLINA**

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services			
Residential and commercial	\$ 5,912,500	\$ 5,907,398	\$ (5,102)
Fines and penalties	135,000	147,372	12,372
Other operating revenues	53,500	11,823	(41,677)
Total operating revenues	<u>6,101,000</u>	<u>6,066,593</u>	<u>(34,407)</u>
Non-operating revenues:			
Proceeds on sale of assets	-	5,104	5,104
Investment earnings	66,000	87,776	21,776
Total non-operating revenues	<u>66,000</u>	<u>92,880</u>	<u>26,880</u>
Total revenues	<u>6,167,000</u>	<u>6,159,473</u>	<u>(7,527)</u>
<b>Expenditures:</b>			
Electrical operations:			
Salaries and benefits	1,343,599	1,077,399	266,200
Operating expenditures	1,457,688	1,188,630	269,058
Purchased resources - electricity	3,442,255	3,519,461	(77,206)
Total electrical operations	<u>6,243,542</u>	<u>5,785,490</u>	<u>458,052</u>
Debt service:			
Principal retirement	10,294	10,294	-
Interest	1,800	1,598	202
Total debt service	<u>12,094</u>	<u>11,892</u>	<u>202</u>
Capital outlay	<u>353,515</u>	<u>173,297</u>	<u>180,218</u>
Total expenditures	<u>6,609,151</u>	<u>5,970,679</u>	<u>638,472</u>

TOWN OF LANDIS, NORTH CAROLINA

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(442,151)	188,794	630,945
<b>Other Financing Sources (Uses):</b>			
Transfer (to) from General Fund	2,740	-	(2,740)
Lease liabilities issued	-	7,101	7,101
Total other financing sources (uses)	<u>2,740</u>	<u>7,101</u>	<u>4,361</u>
Appropriated fund balance	<u>439,411</u>	<u>-</u>	<u>(439,411)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 195,895</u>	<u>\$ 195,895</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 195,895</u>	
Reconciling items:			
Capital outlay		173,297	
Compensated absences		22,907	
Principal retirement		10,294	
Pension expense		(98,245)	
Lease liabilities issued		(7,101)	
Depreciation and amortization		<u>(202,697)</u>	
Total reconciling items		<u>(101,545)</u>	
Change in net position		<u>\$ 94,350</u>	

TOWN OF LANDIS, NORTH CAROLINA

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Charges for services:			
Water sales	\$ 1,100,000	\$ 1,133,351	\$ 33,351
Water taps	48,000	53,550	5,550
Sewer sales	1,010,808	1,055,113	44,305
Sewer taps	30,000	52,436	22,436
Other operating revenues	-	14,191	14,191
Total operating revenues	<u>2,188,808</u>	<u>2,308,641</u>	<u>119,833</u>
Non-operating revenues:			
Investment earnings	<u>83,000</u>	<u>82,973</u>	<u>(27)</u>
Total revenues	<u>2,271,808</u>	<u>2,391,614</u>	<u>119,806</u>
<b>Expenditures:</b>			
Water distribution:			
Salaries and benefits	189,250	186,785	2,465
Operating expenditures	440,851	395,726	45,125
Purchased resources - water	<u>334,365</u>	<u>313,550</u>	<u>20,815</u>
Total water distribution	<u>964,466</u>	<u>896,061</u>	<u>68,405</u>
Waste collection and treatment:			
Salaries and benefits	109,771	86,044	23,727
Operating expenditures	99,151	117,393	(18,242)
Purchased - sewage treatment	<u>833,048</u>	<u>844,935</u>	<u>(11,887)</u>
Total waste collection and treatment	<u>1,041,970</u>	<u>1,048,372</u>	<u>(6,402)</u>
Debt service:			
Principal	150,534	150,534	-
Interest	<u>148,466</u>	<u>146,030</u>	<u>2,436</u>
Total debt service	<u>299,000</u>	<u>296,564</u>	<u>2,436</u>
Total expenditures	<u>2,305,436</u>	<u>2,240,997</u>	<u>64,439</u>

TOWN OF LANDIS, NORTH CAROLINA

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(33,628)	150,617	184,245
<b>Other Financing Sources (Uses):</b>			
Transfer from (to) other funds	24,480	-	(24,480)
Appropriated fund balance	9,148	-	(9,148)
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 150,617</u>	<u>\$ 150,617</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Revenues and other financing sources over (under) expenditures and other financing uses		<u>\$ 150,617</u>	
Reconciling items:			
From Capital Project Fund:			
Investment earnings		96	
Pension expense		(23,268)	
Principal retirement		150,534	
Compensated absences		218	
Depreciation and amortization		<u>(577,916)</u>	
Total reconciling items		<u>(450,336)</u>	
Change in net position		<u>\$ (299,719)</u>	

## TOWN OF LANDIS, NORTH CAROLINA

SEWER LIFT STATION CAPITAL PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Revenues:</b>					
Restricted intergovernmental:					
State grants	\$ 959,438	\$ 933,037	\$ -	\$ 933,037	\$ (26,401)
Investment earnings	-	139	96	235	235
Total revenues	<u>959,438</u>	<u>933,176</u>	<u>96</u>	<u>933,272</u>	<u>(26,166)</u>
<b>Expenditures:</b>					
Construction and renovations	<u>959,438</u>	<u>932,784</u>	<u>-</u>	<u>932,784</u>	<u>26,654</u>
Revenues over expenditures	-	392	96	488	488
<b>Other Financing Sources (Uses):</b>					
Transfer from Water Fund	<u>-</u>	<u>15,895</u>	<u>-</u>	<u>15,895</u>	<u>15,895</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 16,287</u>	<u>\$ 96</u>	<u>\$ 16,383</u>	<u>\$ 16,383</u>

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## **Additional Financial Data**

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This section contains additional information on property taxes and principal taxpayers.

**Schedule of Ad Valorem Taxes Receivable**

**Analysis of Current Tax Levy**

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## TOWN OF LANDIS, NORTH CAROLINA

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

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2023</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2024</b>
2023-2024	\$ -	\$ 2,460,334	\$ 2,412,438	\$ 47,896
2022-2023	33,449	-	15,746	17,703
2021-2022	22,544	-	11,333	11,211
2020-2021	-	-	-	-
2019-2020	7,171	-	6,600	571
2018-2019	9,888	-	1,273	8,615
2017-2018	4,811	-	1,084	3,727
2016-2017	2,920	-	147	2,773
2015-2016	608	-	-	608
2014-2015	623	-	-	623
2013-2014	819	-	819	-
Total	<u>\$ 82,833</u>	<u>\$ 2,460,334</u>	<u>\$ 2,449,440</u>	<u>93,727</u>
Less: allowance for uncollectible taxes receivable				<u>(13,000)</u>
Ad valorem taxes receivable - net				<u>\$ 80,727</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				\$ 2,552,646
Reconciling items				
Special district property taxes received				(41,119)
Vehicle tag fees				(57,150)
Write-offs				819
Discounts				23,150
Interest and penalties				(14,892)
Other adjustments				<u>(14,014)</u>
Total collections and credits				<u>\$ 2,449,440</u>

## TOWN OF LANDIS, NORTH CAROLINA

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

	Town-Wide		Tax Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxes- Landis	\$ 453,361,633	\$ 0.4900	\$ 2,221,472	\$ 2,221,472	\$ -
Motor vehicles - Landis	49,038,571	0.4900	240,289	-	240,289
Late listing penalties	-		819	819	-
Total	<u>502,400,204</u>		<u>2,462,580</u>	<u>2,222,291</u>	<u>240,289</u>
<b>Discoveries:</b>					
Current year taxes - Landis	<u>7,143</u>	0.4900	<u>35</u>	<u>35</u>	<u>-</u>
Abatements - Landis	<u>(465,510)</u>	0.4900	<u>(2,281)</u>	<u>(2,281)</u>	<u>-</u>
Total property valuation	<u>\$ 501,941,837</u>				
<b>Net Levy</b>			2,460,334	2,220,045	240,289
Uncollected taxes at June 30, 2024			<u>(47,896)</u>	<u>(45,426)</u>	<u>(2,470)</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 2,412,438</u>	<u>\$ 2,174,619</u>	<u>\$ 237,819</u>
<b>Current Levy Collection Percentage</b>			<u>98.05%</u>	<u>97.95%</u>	<u>98.97%</u>

## Compliance Section

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- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
  - Schedule of Findings and Responses
  - Corrective Action Plan
  - Schedule of Prior Year Audit Findings
-

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# MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

### **Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Board of Aldermen  
Town of Landis, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Landis, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated October 9, 2024.

### **Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 2024-001 and 2024-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2024-003 to be a significant deficiency.

### **Report on Compliance and Other Matters**

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

### **Town of Landis' Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Landis' responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Town's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

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

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P. A.  
Hickory, North Carolina  
October 9, 2024

**TOWN OF LANDIS, NORTH CAROLINA**

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

**1. Summary of Auditor's Results**

**Financial Statements**

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

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(s) identified? Yes

Non-compliance material to financial statements noted No

# TOWN OF LANDIS, NORTH CAROLINA

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

### 2. Findings Related to the Audit of the Basic Financial Statements

#### Material Weakness

##### Finding 2024-001

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting and to safeguard assets. Bank account reconciliations are an important internal control. The reconciliation should be completed as soon as reasonably possible after month end.

**Condition:** The Town's bank accounts were not reconciled timely throughout the year. In addition, several revisions were required to the bank reconciliation during the audit. There were delays in journal entries being booked to reconcile the bank accounts, along with other monthly and year-end accounting entries necessary to accurately report to activity and balances of the Town.

**Effect:** Lack of timely bank reconciliations and other monthly accounting maintenance procedures greatly increases the risk of an error or irregularities going undetected and can result in improper financial reporting. Financial reports used for budget monitoring throughout the year may not properly reflect account balances. Financial reports provided to the Board of Aldermen may not be accurate or reliable.

**Cause:** There was significant turnover in the accounting department during the current and prior fiscal year.

**Context:** While performing audit procedures, we noted the condition described above.

**Identification of Repeat Finding:** This is a repeat finding that has been modified from the immediate previous audit, 2023-001.

**Recommendation:** Management should implement and maintain a monthly close process to ensure bank reconciliations and other essential bookkeeping and reporting procedures are performed on a timely basis. Additional training and/or outside assistance should be utilized as necessary to ensure accurate and timely financial reporting on an ongoing basis.

**Views of Responsible Officials and Planned Corrective Action:** The Town agrees with this finding. Please refer to the Corrective Action Plan section of this report.



# TOWN OF LANDIS, NORTH CAROLINA

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

### 2. Findings Related to the Audit of the Basic Financial Statements (continued)

#### Material Weakness

##### Finding 2024-002

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that the Town's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

**Effect:** Errors could occur in financial reporting. Financial reports used for budget monitoring throughout the year may not properly reflect account balances.

**Cause:** There was significant turnover in the accounting department during the current and prior fiscal year.

**Context:** While performing audit procedures, we noted the condition described above.

**Identification of Repeat Finding:** This is a repeat finding from the immediate previous audit, 2023-002.

**Recommendation:** Management should examine the adjustments required as a result of our audit and should assure they are reconciled and posted prior to the audit as part of the year-end close process. Additional training and/or outside assistance should be utilized as necessary to ensure accurate year-end financial reporting.

**Views of Responsible Officials and Planned Corrective Action:** The Town agrees with this finding. Please refer to the Corrective Action Plan section of this report.

# TOWN OF LANDIS, NORTH CAROLINA

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

### 2. Findings Related to the Audit of the Basic Financial Statements (continued)

#### Significant Deficiency

##### Finding 2024-003

**Criteria:** The Town should have procedures in place to prevent, or detect and correct, payroll processing errors.

**Condition:** During our audit procedures over payroll disbursements, we noted an instance of an employee being paid for hours in excess of what was entered and approved on his timesheet.

**Effect:** An employee was paid for hours not worked and not authorized. Controls over payroll processing did not prevent or detect the error, allowing the overpayment.

**Cause:** A payroll service is used to process payroll based on electronic time keeping and approval. The cause of the error is undetermined at the payroll service provider.

**Context:** We tested 25 payroll disbursements, including review of approved timesheet and payroll registers. Of those tested, one disbursement was made for 0.49 hours over the amount approved on the employee's timesheet.

**Recommendation:** Although the Town uses a payroll service, management is still responsible for ensuring that the data sent to the payroll service, and the resulting payroll checks distributed to employees, is accurate and supported by approved timesheets. The Town should have a process for verifying that the final hours paid to employees agrees to the approved hours actually worked.

**Views of Responsible Officials and Planned Corrective Action:** The Town agrees with this finding. Please refer to the Corrective Action Plan section of this report.



**TOWN OF LANDIS, NORTH CAROLINA**

**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2024**

**Finding 2024-001**

**Name of Contact Person:** Jeneen McMillen, Finance Director

**Corrective Action:** Management is now reconciling the bank statements with the financial software used. This will reduce the likelihood of errors in financial reporting. Management is requiring that the operating account bank reconciliation be completed by the 10<sup>th</sup> of the following month. Management has remained consistent.

**Proposed Completion Date:** October 31, 2024

**Finding 2024-002**

**Name of Contact Person:** Jeneen McMillen, Finance Director

**Corrective Action:** Due to the corrective actions in Finding 2024-001, management is requiring the operating bank reconciliation be completed by the 10<sup>th</sup> of the following month and all other bank reconciliations be completed by the last day of the following month. This will ensure that all reports are filed on time. A workflow process has been established that utilizes the current financial software. This provides ease in tracking and shows workflow. Since FY23's audit was not concluded until March 2024, the Town was not able to implement these corrective actions for the entire FY24. The Town has also engaged a third-party consultant to assist with audit preparation, including posting of year-end closing entries.

**Proposed Completion Date:** October 31, 2024

**Finding 2024-003**

**Name of Contact Person:** Jeneen McMillen, Finance Director

**Corrective Action:** Management is working with the payroll processing company to run a report from the timecards that can be compared to the HR and Payroll reports. This will ensure that internal controls are properly followed, so this does not recur. Management has additionally tasked two staff members to check for discrepancies.

**Proposed Completion Date:** September 30, 2024

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

**Finding 2023-001**

**Status:** Modified and repeated in the current year as Finding 2024-001.

**Finding 2023-002**

**Status:** Repeated in the current year as Finding 2024-002.