

**TOWN OF RAYNHAM, NORTH CAROLINA**

**Financial Statements**

**For the Year Ended June 30, 2019**

**TOWN OF RAYNHAM, NORTH CAROLINA**

**Financial Statements**

**For the Year Ended June 30, 2019**

Board of Town Commissioners

Debra Arnette, Mayor

Kathleen Lindsay

Martha Ann Watts

Datry Hunt

\* \* \* \*

Lisa Young, Town Clerk/Finance Officer

**Town of Raynham, North Carolina**  
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**June 30, 2019**

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## **FINANCIAL SECTION**

# S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

## MEMBERS

American Institute of CPAs

N. C. Association of CPAs

### **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and  
Board of Town Commissioners  
Raynham, North Carolina

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Town of Raynham, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

#### **Opinion**

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Town of Raynham, North Carolina, as of June 30, 2019, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a required 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 and Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Town of Raynham, North Carolina. The other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Lumberton, North Carolina  
October 31, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Town of Raynham, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Management's Discussion and Analysis**

As management of the Town of Raynham, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Raynham for the fiscal year ending June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the Town's financial statements, which follow this narrative.

**Financial Highlights**

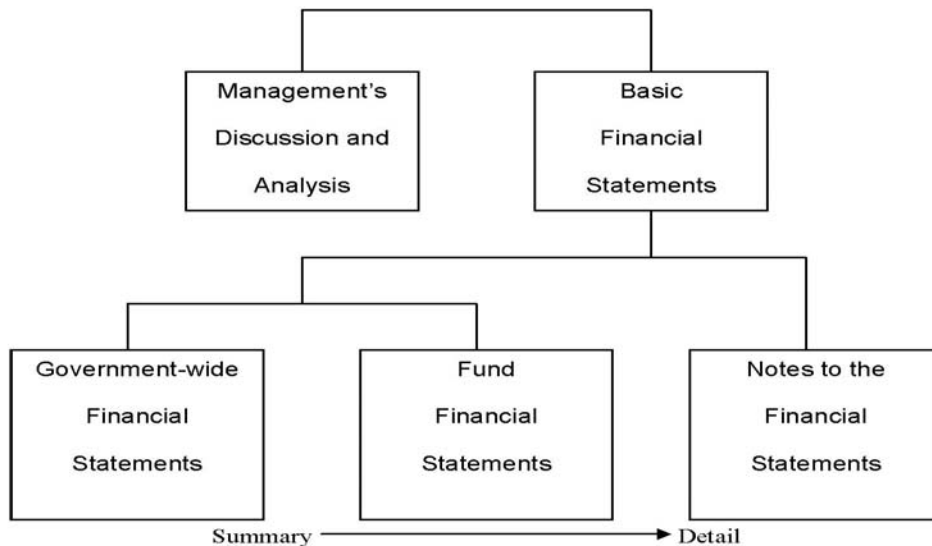
- The assets of the Town of Raynham exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$65,428 (net position).
- The government's total net position increased by \$8,073 due to an increase of sales tax and property tax revenue and a control of expenditures during the year.
- As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$55,237, with a net change of \$8,251 in fund balance. Approximately 1.15% of this total amount, or \$637, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$54,600 or 225.84% of total general fund expenditures for the fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Raynham's basic financial statements. The Town's basic financial statements comprise 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 Raynham.

**Required Components of Annual Financial Report**

**Figure 1**





**Town of Raynham, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2019**

**Basic Financial Statements**

The first two statements (Pages 8 and 9) 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 as a whole.

The next statements (Pages 10 through 13) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental fund statements and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show additional information about the Town's property taxes.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar 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 gage 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 the Town's basic services, such as general administration. Property taxes and state and federal grants funds finance most of these activities. The Town has no business-type activities or component units.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**Fund Financial Statements**

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Raynham, like all other governmental entities in North Carolina, uses fund accounting to ensure and demonstrate compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. The Town has only one governmental fund – the General Fund.

**Governmental Funds** - Governmental funds are used to account for those functions reported as governmental activities in the governmental-wide financial statements. All 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 monies that are unexpended 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 determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Raynham adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget

**Town of Raynham, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2019**

ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

The basic governmental fund financial statements can be found starting on page 10 of this report.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 14 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information. Required supplementary information can be found on pages 20 and 21 of this report.

**Interdependence with Other Entities** - The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

**Government-wide Financial Analysis**

**Town of Raynham's Net Position**

	Governmental Activities	
	2019	2018
Current and other assets	\$ 56,789	\$ 48,320
Capital assets	8,639	9,035
Deferred outflows of resources	-	-
Total assets and deferred outflows of resources	65,428	57,355
Other liabilities	-	-
Deferred inflows of resources	-	-
Total liabilities and deferred inflows of resources	-	-
Net position:		
Net investment in capital assets	8,639	9,035
Restricted	637	2,669
Unrestricted	56,152	45,651
Total net position	\$ 65,428	\$ 57,355

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The assets of the Town exceeded liabilities and deferred inflows by \$65,428 as of June 30, 2019. The Town's net position increased by \$8,073 for the fiscal year ended June 30, 2019. The amount of net position representing investment in capital assets (e.g. buildings and land) is \$8,639. A portion of the Town's net position, \$637 (.97%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$56,152 is unrestricted.

Aspects of the Town's financial operations which positively influenced the total unrestricted governmental net position were the continued diligence in the collection of property taxes by maintaining a tax collection percentage of 92.03%.

**Town of Raynham, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2019**

**Town of Raynham's Changes in Net Position**

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 2,751	\$ 2,790
General revenues:		
Property taxes	2,678	2,483
Grants and contributions not restricted to specific programs	<u>27,216</u>	<u>27,194</u>
Total revenues	<u>32,645</u>	<u>32,467</u>
Expenses:		
General government	16,797	20,028
Transportation	4,783	5,331
Environmental protection	<u>2,992</u>	<u>3,721</u>
Total expenditures	<u>24,572</u>	<u>29,080</u>
Increase (Decrease) in net position	8,073	3,387
Net position, July 1	<u>57,355</u>	<u>53,968</u>
Net position, June 30	<u>\$ 65,428</u>	<u>\$ 57,355</u>

**Governmental Activities**

Governmental activities increased the Town of Raynham's net position by \$8,073. Key elements of this increase are as follows:

- Sales tax and property tax revenue increased.
- Decrease in expenditures for environmental protection activities.

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

As noted earlier, the Town of Raynham 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.

The General Fund is the chief operating fund of the Town of Raynham. At the end of the current fiscal year, the Town's General Fund reported a fund balance available of \$54,600. The Governing Body of the Town of Raynham has determined that the Town should maintain an available fund balance of 10% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 225.84% of general fund expenditures.

**General Fund Budgetary Highlights**

During the fiscal year, the Town did not amend the budget. 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 from external sources, such as Federal and State grants. 3) amendments that increase appropriations that become necessary to maintain services.

**Town of Raynham, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2019**

**Capital Assets**

The Town of Raynham's investment in capital assets for its governmental activities as of June 30, 2019, totals \$8,639 (net of accumulated depreciation). The investments in capital assets include land, buildings and improvements.

**Town of Raynham's Capital Assets**  
**(net of depreciation)**

	Governmental Activities	
	2019	2018
Land	\$ 3,500	\$ 3,500
Buildings and improvements	5,139	5,535
Total	\$ 8,639	\$ 9,035

Additional information on the Town's capital assets can be found in the notes starting on page 18 of this report.

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

The following key economic indicator reflects the impact on growth and prosperity of the Town.

- The unemployment rate for the Town and surrounding area was 6.2% at June 30, 2019, which is an increase from a rate of 6.4% a year ago. This comparison is higher than the state's rate of 4.1% and the national rate of 3.7%.

Budget highlights for the fiscal year ending June 30, 2020 include anticipating budgeted revenues from property taxes, sales taxes, and Powell Bill to remain approximately the same as the prior year amounts. Budgeted expenditures are expected to remain approximately the same.

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Raynham's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Officer, 351 Phyllis Circle, Rowland, NC 28383.

## **BASIC FINANCIAL STATEMENTS**

**Town of Raynham, North Carolina**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Primary Governmental Activities</b>
<b><u>ASSETS</u></b>	
<b>Current assets</b>	
Cash	\$ 54,600
Restricted cash	637
Taxes receivable	1,552
<b>Total current assets</b>	56,789
<b>Non-current assets</b>	
<b>Capital assets (Note 3)</b>	
Land	3,500
Other capital assets, net of depreciation	5,139
<b>Total capital assets</b>	8,639
<b>Total assets</b>	65,428
<b><u>LIABILITIES</u></b>	
<b>Current liabilities</b>	
<b>Total liabilities</b>	-
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
<b>Total deferred inflows of resources</b>	-
<b><u>NET POSITION</u></b>	
Invested in capital assets, net	8,639
Restricted for transportation	637
Unrestricted	56,152
<b>Total net position</b>	\$ 65,428

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

**Town of Raynham, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>	
		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Primary Government Totals</u>
<b>Primary government</b>				
Governmental activities				
General Government	\$ 16,797	\$ -	\$ (16,797)	\$ (16,797)
Transportation	4,783	2,751	(2,032)	(2,032)
Environmental Protection	2,992	-	(2,992)	(2,992)
Total governmental activities	<u>24,572</u>	<u>2,751</u>	<u>(21,821)</u>	<u>(21,821)</u>
<b>Total primary government</b>	<u>\$ 24,572</u>	<u>\$ 2,751</u>	<u>\$ (21,821)</u>	<u>\$ (21,821)</u>
<b>General revenues</b>				
Taxes:				
Property taxes, levied for general purpose			2,678	2,678
Grants and contributions not restricted to specific programs			27,216	27,216
Miscellaneous			-	-
<b>Total general revenues</b>			<u>29,894</u>	<u>29,894</u>
<b>Change in net position</b>			8,073	8,073
<b>Net position, beginning</b>			57,355	57,355
<b>Net position, ending</b>			<u>\$ 65,428</u>	<u>\$ 65,428</u>

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

**Town of Raynham, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<b>Major Fund</b>	<b>Total</b>
	<b>General</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Funds</b>
<b>ASSETS</b>		
Cash	\$ 54,600	\$ 54,600
Restricted cash	637	637
Taxes receivable	1,552	1,552
<b>Total assets</b>	<b>\$ 56,789</b>	<b>\$ 56,789</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ -	\$ -
<b>Total liabilities</b>	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes receivable	1,552	1,552
<b>Total deferred inflows of resources</b>	<b>1,552</b>	<b>1,552</b>
<b>FUND BALANCES</b>		
Restricted		
Streets	637	637
Assigned		
Subsequent year's expenditures	-	-
Unassigned	54,600	54,600
<b>Total fund balance</b>	<b>55,237</b>	<b>55,237</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 56,789</b>	<b>\$ 56,789</b>

Amounts reported for governmental activities in the Statement of Net Position (Page 8) are different because:

Total Fund balance, Governmental Funds		55,237
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 19,418	
Accumulated depreciation	(10,779)	8,639
Liabilities for earned revenues considered deferred inflows of resources in fund statements		1,552
Net position of governmental activities		<b>\$ 65,428</b>

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



**Town of Raynham, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>Major Fund</b>	<b>Total</b>
	<b>General</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Funds</b>
<b>Revenues</b>		
Ad valorem taxes	\$ 2,460	\$ 2,460
Unrestricted intergovernmental revenue	27,150	27,150
Restricted intergovernmental revenue	2,817	2,817
Miscellaneous	-	-
<b>Total revenues</b>	32,427	32,427
<b>Expenditures</b>		
Current:		
General government	16,401	16,401
Transportation	4,783	4,783
Environmental protection	2,992	2,992
<b>Total expenditures</b>	24,176	24,176
<b>Revenues over (under) expenditures</b>	8,251	8,251
<b>Other financing sources (uses)</b>	-	-
Net change in fund balance	8,251	8,251
<b>Fund balance, beginning</b>	46,986	46,986
<b>Fund balance, ending</b>	\$ 55,237	\$ 55,237

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

Net change in fund balance - total governmental funds	\$	8,251
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures which were capitalized		-
Depreciation expense for governmental assets		(396)
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		218
Total changes in net position of governmental activities	\$	8,073

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

**Town of Raynham, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance – Budget and Actual**  
**For the Year Ended June 30, 2019**

	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>				
<b>Ad valorem taxes</b>				
Taxes	\$ -	\$ -	\$ 2,455	\$ -
Penalties and interest			5	
<b>Total</b>	<b>2,455</b>	<b>2,455</b>	<b>2,460</b>	<b>5</b>
<b>Unrestricted intergovernmental revenues</b>				
Local option sales tax			18,061	
Sales tax city hold harmless			6,443	
Utilities sales tax			2,271	
Telecommunications sales tax			375	
<b>Total</b>	<b>25,794</b>	<b>25,794</b>	<b>27,150</b>	<b>1,356</b>
<b>Restricted intergovernmental revenues</b>				
Solid waste disposal tax			66	
Powell Bill			2,751	
<b>Total</b>	<b>2,790</b>	<b>2,790</b>	<b>2,817</b>	<b>27</b>
<b>Miscellaneous</b>				
Miscellaneous revenues			-	
<b>Total</b>	<b>4,100</b>	<b>4,100</b>	<b>-</b>	<b>(4,100)</b>
<b>Total revenues</b>	<b>35,139</b>	<b>35,139</b>	<b>32,427</b>	<b>(2,712)</b>
<b>Expenditures</b>				
<b>General government</b>				
Governing body -				
Travel			3,942	
<b>Total</b>	<b>4,369</b>	<b>4,369</b>	<b>3,942</b>	<b>427</b>
Administration -				
Supplies and materials			1,226	
Dues and subscriptions			100	
Insurance and bonds			1,500	
Professional services			2,500	
Utilities - Street lights			2,727	
Repairs and maintenance			500	
Election expense			-	
Miscellaneous			48	
Fees - Clerk			3,000	
Utilities - Town hall			858	
<b>Total</b>	<b>21,098</b>	<b>21,098</b>	<b>12,459</b>	<b>8,639</b>
<b>Total general government</b>	<b>\$ 25,467</b>	<b>\$ 25,467</b>	<b>\$ 16,401</b>	<b>\$ 9,066</b>

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

**Town of Raynham, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes**  
**in Fund Balance – Budget and Actual (continued)**  
**For the Year Ended June 30, 2019**

	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Expenditures (continued)</b>				
<b>Transportation</b>				
Streets and highways -				
Maintenance and repairs	\$ -	\$ -	\$ -	\$ -
Supplies			48	
Street and ditch maintenance			4,735	
<b>Total transportation</b>	5,890	5,890	4,783	1,107
<b>Environmental protection</b>				
Solid waste -				
Sanitation service - contract			2,992	
<b>Total environmental protection</b>	3,782	3,782	2,992	790
<b>Total expenditures</b>	35,139	35,139	24,176	10,963
<b>Revenues over (under) expenditures</b>	-	-	8,251	8,251
<b>Other financing sources (uses)</b>	-	-	-	-
<b>Fund balance appropriated</b>	-	-	-	-
<b>Total</b>	-	-	-	-
	\$ -	\$ -	8,251	\$ 8,251
<b>Fund balance, beginning</b>			46,986	
<b>Fund balance, ending</b>			\$ 55,237	

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

**Town of Raynham, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Raynham 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 Raynham is a municipal corporation that is governed by an elected mayor and a three-member board.

**B - Basis of Presentation**

*Government-wide Statements:* The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town does not have any business-type activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the 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 recipient of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. A statement for the governmental fund is presented. The emphasis of fund financial statements is on major governmental funds. The Town has only one governmental fund.

The Town reports the following major governmental fund:

*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 street maintenance, construction, and administration.

**C - Measurement Focus and Basis of Accounting**

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

*Government-wide Statements.* The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Town of Raynham, North Carolina**  
**Notes to the Financial Statements (continued)**  
**For the Year Ended June 30, 2019**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C - Measurement Focus and Basis of Accounting (continued)**

*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 which are recognized as expenditures in governmental funds. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad Valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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 during this period 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 utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash.

**D - Budgetary Data**

The Town's budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. The budget is prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations and must be approved by the governing board. All amendments must be approved by the governing body.

**E - Assets, Liabilities, Deferred Outflow/Inflows of Resources, and Fund Equity**

**Deposits**

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

**Cash**

All cash is essentially demand deposits and is considered cash.

**Town of Raynham, North Carolina**  
**Notes to the Financial Statements (continued)**  
**For the Year Ended June 30, 2019**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)**

**Restricted Assets**

Powell Bill funds in the amount of \$637 are classified as restricted cash because it 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.

**Ad Valorem Taxes Receivable**

In accordance with State law [GS 105-347 and GS 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

**Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings and improvements, \$5,000; infrastructure, \$20,000; 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 of estimated historical 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.

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

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town does not have any items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has one item that meets the criterion for this category – property taxes receivable.

**Net Position/Fund Balances**

**Net Position**

Net position in government-wide financial statements are classified as invested in capital assets, net of related debt; 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.

**Town of Raynham, North Carolina**  
**Notes to the Financial Statements (continued)**  
**For the Year Ended June 30, 2019**

**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)**

**Net Position/Fund Balances (continued)**

**Fund Balances**

In the governmental fund financial statements, fund balance is composed of three 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:

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

*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.

Assigned fund balance – portion of fund balance that the Town of Raynham intends to use for specific purposes.

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

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

The Town of Raynham 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, 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 Raynham has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

**NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A – Significant Violations of Finance Related Legal and Contractual Provisions**

**Noncompliance with North Carolina General Statutes**

The Town has not been filing timely semi-annual Cash and Investment Reports (LGC-203) to the Local Government Commission as required by G.S. 159-33. Management and the Board will work to ensure that the required forms will be filed in a timely manner in future years.

**B – Excess of Expenditures over Appropriations**

None.

**Town of Raynham, North Carolina**  
**Notes to the Financial Statements (continued)**  
**For the Year Ended June 30, 2019**

**III - 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 deposit insurance coverage level are collateralized with securities held by the Town's agent in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under collateralization, 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 City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town's deposits had a carrying amount of \$55,237 and a bank balance of \$55,237. The bank balances of the Town were fully covered by Federal Deposit Insurance.

**Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 3,500	\$ -	\$ -	\$ 3,500
<b>Capital assets being depreciated:</b>				
Buildings	<u>15,918</u>	<u>-</u>	<u>-</u>	<u>15,918</u>
Total capital assets being depreciated	<u>15,918</u>	<u>-</u>	<u>-</u>	<u>15,918</u>
<b>Less accumulated depreciation for:</b>				
Buildings	<u>10,383</u>	<u>396</u>	<u>-</u>	<u>10,779</u>
Total accumulated depreciation	<u>10,383</u>	<u>\$ 396</u>	<u>\$ -</u>	<u>10,779</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 9,035</u>			<u>\$ 8,639</u>



**Town of Raynham, North Carolina**  
**Notes to the Financial Statements (continued)**  
**For the Year Ended June 30, 2019**

**NOTE III - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities**

**Claims, Judgments, and Contingent Liabilities**

At June 30, 2019, the Town had no known claims, judgments, or contingent liabilities.

**Deferred Outflows and Inflows of Resources**

Deferred inflows of resources at year-end are comprised of taxes receivable in the amount of \$1,552.

**Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town carries commercial coverage for 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 does not carry any flood insurance as it has not experienced any significant losses from floods.

In accordance with G.S. 159-29, the Town's finance officer and the mayor are bonded through a commercial surety bond. The coverage is for \$50,000 each.

**C – Fund Balance**

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

Total fund balance – General Fund	\$ 55,237
Less:	
Streets – Powell Bill	637
Working Capital/Fund Balance Policy	<u>54,600</u>
Remaining fund balance	<u>\$ -</u>

**NOTE IV - Related Party Transactions**

The Town purchases services from Datry Hunt and Tyler Bollinger, a Town Commissioner, and related family member for street and ditch maintenance. These services include mowing, weeding, spraying for weeds, cutting, and cleaning of Town streets and ditches. These services are approved by the Town Commissioners and amounted to \$5,235 for the fiscal year ended June 30, 2019.

**NOTE V – Subsequent Events**

Management has evaluated subsequent events through October 31, 2019, the date of which the financial statements were available to be issued.

## **OTHER SCHEDULES**

**Town of Raynham, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2019**

	<b>Uncollected Balances June 30, 2018</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balances June 30, 2019</b>
<b>Fiscal year</b>				
2018-2019	\$ -	\$ 2,811	\$ 2,587	\$ 224
2017-2018	286	-	4	282
2016-2017	205	-	2	203
2015-2016	171	-	-	171
2014-2015	78	-	-	78
2013-2014	78	-	-	78
2012-2013	26	-	-	26
2011-2012	184	-	-	184
2010-2011	180	-	-	180
2009-2010	126	-	-	126
	<u>\$ 1,334</u>	<u>\$ 2,811</u>	<u>\$ 2,593</u>	1,552
				-
				<u>\$ 1,552</u>
 <b>Ad Valorem taxes receivable - net</b>				
 <b>Reconciliation with revenue:</b>				
Taxes - Ad Valorem - General Fund				\$ 2,460
Reconciling items:				
Interest and penalties collected				(5)
Other				138
Total collections and credits				<u>\$ 2,593</u>

**Town of Raynham, North Carolina**  
**Analysis of Current Tax Levy**  
**June 30, 2019**

	<u>Town Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
<b>Original levy</b>					
Property taxed at current rate	\$ 2,808,000	0.10	\$ 2,808	\$ 2,487	\$ 321
<b>Discoveries</b>					
Current and prior years	3,211		3	3	-
<b>Abatements</b>	<u>(450)</u>		<u>-</u>	<u>-</u>	<u>-</u>
<b>Total property valuation</b>	<u>\$ 2,810,761</u>				
<b>Net levy</b>			\$ 2,811	\$ 2,490	\$ 321
Uncollected taxes at June 30, 2019			<u>224</u>	<u>224</u>	<u>-</u>
<b>Current year's taxes collected</b>			<u>\$ 2,587</u>	<u>\$ 2,266</u>	<u>\$ 321</u>
<b>Current levy collection percentage</b>			<u>92.03%</u>	<u>91.00%</u>	<u>100.00%</u>