

**TOWN OF STALEY, NORTH CAROLINA**

**FINANCIAL STATEMENTS**

June 30, 2019

**TOWN OF STALEY, NORTH CAROLINA**

**MAYOR**

Karen Scotton

**TOWN COUNCIL**

Janet Lambert

Lori Langley-Hankins

Steve Rollins

Faye Johnson

Renee Harrelson

**OFFICIALS**

Town Clerk

Lonna Hart

Town Attorney

Garrett, Walker, Aycoth, & Olson

**TOWN OF STALEY, NORTH CAROLINA**

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**June 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

To the Honorable Mayor and  
Members of the Town Council  
Town of Staley  
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circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes

evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

### ***Opinion***

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

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

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

To the Honorable Mayor and  
Members of the Town Council  
Town of Staley  
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individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

A handwritten signature in black ink that reads "William R. Huneycutt, CPA, PLLC". The signature is written in a cursive style with a large initial 'W'.

William R. Huneycutt, CPA, PLLC  
Asheboro, North Carolina

November 6, 2019

## **Management's Discussion and Analysis**

As management of the Town of Staley (the "Town"), we offer readers of the Town of Staley's financial statements this narrative overview and analysis of the financial activities of the Town of Staley for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### **Financial Highlights**

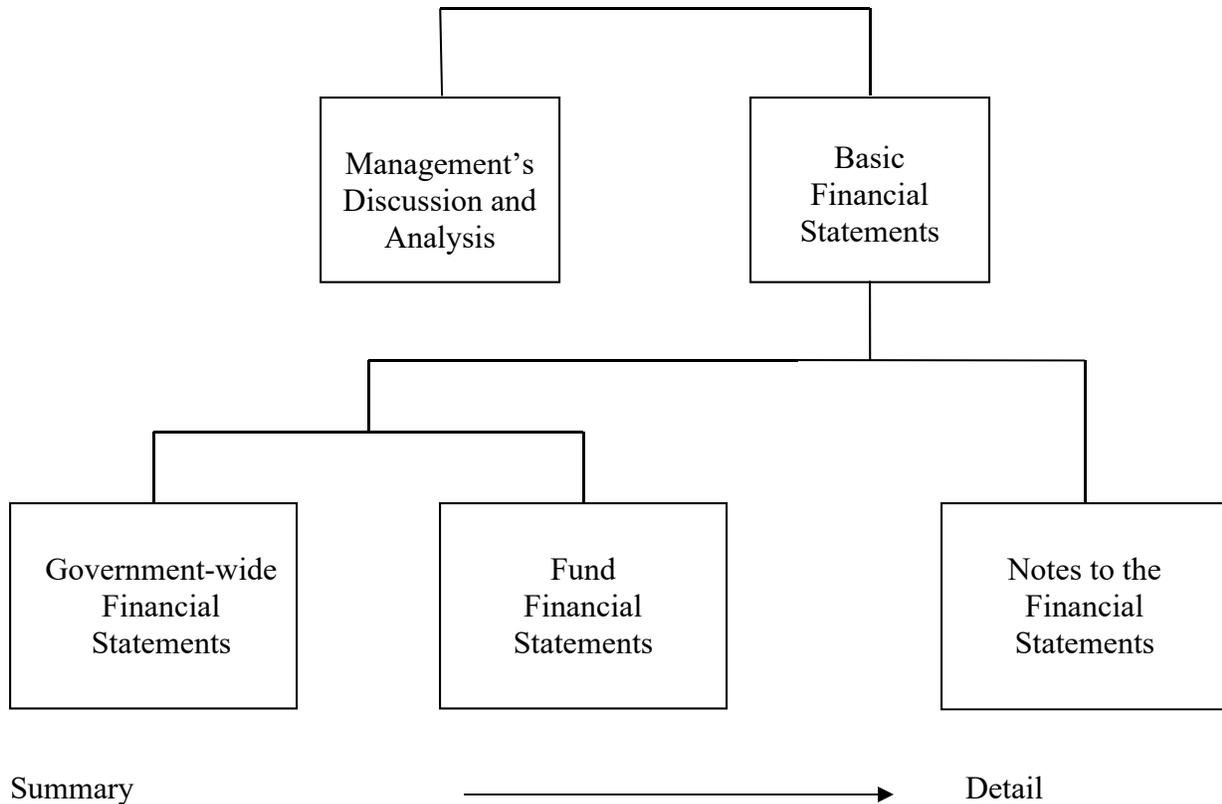
- The assets of the Town of Staley exceeded its liabilities at the close of the fiscal year by \$859,232 (net position).
- The government's total net position increased by \$35,141.
- As of the close of the current fiscal year, the Town of Staley's governmental funds reported combined ending fund balances of \$805,442 an increase of \$81,538 in comparison with the prior year. Approximately 49 percent of this total amount, or \$392,866 is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$392,866. This unassigned fund balance of the General Fund would approximate four years of general fund expenditures for the Town of Staley based on expenditure levels of the town for the fiscal year ended June 30, 2019.

### **Overview of the Financial Statements**

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

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

## **Government-Wide Financial Statements**

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

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

The government-wide statements are composed of the one category of governmental activities. The governmental activities include most of the Town's basic services such as general administration, public safety, streets, environmental protection and economic development. Property taxes, unrestricted intergovernmental revenues and Powell bill funds finance the Town's governmental activities.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

## **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Staley, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance.

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

The Town of Staley 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 Council about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether the Town

succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 17.

### Government-Wide Financial Analysis

**The Town of Staley’s Net Position  
Figure 2**

	Governmental Activities	
	2019	2018
Current and other assets	\$ 810,571	\$ 731,258
Capital assets	52,246	98,944
Total assets	862,817	830,202
Current liabilities	3,585	4,311
Total liabilities	3,585	4,311
Net position:		
Net investment in capital assets	52,246	54,814
Restricted	373,535	370,255
Unrestricted	433,451	400,822
Total net position	\$ 859,232	\$ 825,891

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets of the Town of Staley exceeded liabilities by \$859,232 as of June 30, 2019. The Town’s net position increased by \$35,141 for the fiscal year ended June 30, 2019. Included in the Town of Staley’s net asset balance of \$859,232 is capital assets in the amount of \$52,246 (6%). The Town’s investment in capital assets is composed of land, building, infrastructure, storage building and equipment. The Town of Staley uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Town of Staley’s net position \$373,535 (44%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$433,451 (50%) is unrestricted.

The Town's financial operations were positively influenced by the Town's continued diligence in keeping its expenditures at a lower level than revenues.

**Town of Staley Changes in Net Position  
Figure 3**

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ -	\$ 4,300
Operating grants and contributions	13,753	13,926
Capital grants and contributions	-	-
General revenues:		
Taxes	135,919	129,997
Loss on sale of donated house	(9,680)	-
Other	2,095	56,471
Total revenues	<u>142,087</u>	<u>204,694</u>
Expenses:		
General government	41,928	41,418
Public safety	15,580	16,115
Transportation	11,314	18,269
Environmental protection	36,792	36,164
Economic & physical development	1,332	15,201
Total expenses	<u>106,946</u>	<u>127,167</u>
Increase in net position	35,141	77,527
Net position, beginning as previously reported	825,891	-
Prior period adjustment	<u>(1,800)</u>	<u>77,527</u>
Net position, July 1	<u>824,091</u>	<u>748,364</u>
Net position, June 30	<u>\$ 859,232</u>	<u>\$ 825,891</u>

**Governmental activities** - Governmental activities increased the Town's net position by \$35,141, thereby accounting for 100 percent of the total growth in the net position of the Town of Staley. Key elements of this increase are as follows:

- Increase in tax revenue in year ended June 30, 2019.
- Expenditure levels lower than revenue by \$35,141 for the year ended June 30, 2019.

## Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Staley. At the end of the current fiscal year, Town of Staley's fund balance available in the General Fund was \$392,866, while total fund balance reached \$734,205. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 376 percent of total General Fund expenditures.

At June 30, 2019, the governmental funds of Town of Staley reported a combined fund balance of \$805,442, a 10.99 percent increase over last year. This increase in fund balance occurred primarily in the general fund.

**General Fund Budgetary Highlights** - During the fiscal year, the Town did not revise 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 amounts, and 3) increases in appropriations that become necessary to maintain services.

The Town of Staley's Miscellaneous Revenue for the year ended June 30, 2019 was higher than the budgeted amount due to the sale of the donated house.

## Capital Asset and Debt Administration

**Capital assets** - The Town of Staley's investment in capital assets for its governmental activities as of June 30, 2019, totals \$52,246 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment.

**Town of Staley's Capital Assets**  
**Figure 4 (net of depreciation)**

	Governmental Activities	
	2019	2018
Land	\$ 21,870	\$ 21,870
Infrastructure	29,309	31,077
Storage building	1,067	1,867
Total	<u>\$ 52,246</u>	<u>\$ 54,814</u>

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

### **Budget Highlights for the Fiscal Year Ending June 30, 2020**

**Governmental Activities** – The Town of Staley expects general government expenditures to be larger than those of the preceding year ended June 30, 2019.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Town Clerk, Lonna B. Hart, PO Box 279, Staley, NC 27355, (336) 622-3030, [townofstaley@rtelco.net](mailto:townofstaley@rtelco.net).

**TOWN OF STALEY, NORTH CAROLINA****STATEMENT OF NET POSITION**

June 30, 2019

	<u>Primary Government</u>	
	<u>Governmental Activities</u>	<u>Total</u>
<b>Assets:</b>		
Current Assets:		
Cash and cash equivalents	\$ 433,551	\$ 433,551
Taxes receivable (net)	1,544	1,544
Due from other governments	29,820	29,820
Prepaid items	1,941	1,941
Restricted cash and cash equivalents	343,715	343,715
Total Current Assets	<u>810,571</u>	<u>810,571</u>
Non-Current Assets:		
Capital Assets (Note 1):		
Land, non-depreciable improvements	21,870	21,870
Other capital assets, net of depreciation	30,376	30,376
Total Capital Assets	<u>52,246</u>	<u>52,246</u>
<b>Total Assets</b>	<u>862,817</u>	<u>862,817</u>
<b>Liabilities:</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	3,585	3,585
<b>Total Liabilities</b>	<u>3,585</u>	<u>3,585</u>
<b>Net Position:</b>		
Net investment in capital assets	52,246	52,246
Restricted for:		
Transportation	64,735	64,735
Cemetery perpetual care	161,745	161,745
Other functions	115,586	115,586
Stabilization by state statute	31,469	31,469
Unrestricted	433,451	433,451
<b>Total Net Position</b>	<u>\$ 859,232</u>	<u>\$ 859,232</u>

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

**TOWN OF STALEY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
<b>Primary Government:</b>						
Governmental Activities:						
General government	\$ 41,928	\$ -	\$ -	\$ -	\$ (41,928)	\$ (41,928)
Public safety	15,580	-	-	-	(15,580)	(15,580)
Transportation	11,314	-	13,753	-	2,439	2,439
Environmental protection	36,792	-	-	-	(36,792)	(36,792)
Economic and physical development	1,332	-	-	-	(1,332)	(1,332)
Total Primary Government (See Note 1)	<u>\$ 106,946</u>	<u>\$ -</u>	<u>\$ 13,753</u>	<u>\$ -</u>	<u>(93,193)</u>	<u>(93,193)</u>
<b>General Revenues:</b>						
Taxes:						
Property taxes, levied for general purpose					24,349	24,349
Other taxes					111,570	111,570
Unrestricted investment earnings					1,879	1,879
Loss on sale of donated house					(9,680)	(9,680)
Miscellaneous					216	216
<b>Total General Revenues</b>					<u>128,334</u>	<u>128,334</u>
<b>Change in Net Position</b>					35,141	35,141
<b>Net Position, Beginning of Year as Previously Reported</b>					825,891	825,891
<b>Prior Period Adjustment</b>					<u>(1,800)</u>	<u>(1,800)</u>
<b>Net Position, Beginning of Year as Restated</b>					<u>824,091</u>	<u>824,091</u>
<b>Net Position, End of Year</b>					<u>\$ 859,232</u>	<u>\$ 859,232</u>

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

**TOWN OF STALEY, NORTH CAROLINA****BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2019

	Major Funds		Total Governmental Funds
	General Fund	Cemetery Care Fund	
<b>Assets:</b>			
Cash and cash equivalents	\$ 433,551	\$ -	\$ 433,551
Restricted cash	270,829	72,886	343,715
Taxes receivable	1,544	-	1,544
Due from other funds	1,649	-	1,649
Prepaid expenses	1,941	-	1,941
Due from other governments	29,820	-	29,820
Total Assets	<u>739,334</u>	<u>72,886</u>	<u>812,220</u>
<b>Liabilities</b>			
Accounts payable	3,585	-	3,585
Due to other funds	-	1,649	1,649
Total Liabilities	<u>3,585</u>	<u>1,649</u>	<u>5,234</u>
<b>Deferred Inflows of Resources</b>			
Property taxes receivable	1,544	-	1,544
Total deferred inflows of resources	<u>1,544</u>	<u>-</u>	<u>1,544</u>
<b>Fund Balances</b>			
Non Spendable:			
Perpetual maintenance	-	71,237	71,237
Prepaid expenses	1,941	-	1,941
Restricted:			
Stabilization by state statute	31,469	-	31,469
Cemetery maintenance	90,508	-	90,508
Streets	64,735	-	64,735
Committed:			
Capital reserve	15,586	-	15,586
Assigned:			
Subsequent year's expenditures	137,100	-	137,100
Unassigned:	<u>392,866</u>	<u>-</u>	<u>392,866</u>
Total Fund Balances	<u>734,205</u>	<u>71,237</u>	<u>805,442</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 739,334</u>	<u>\$ 72,886</u>	

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

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

Gross capital assets at historical cost

74,623

Accumulated depreciation

(22,377)

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

1,544

Net position of governmental activities

\$ 859,232

**TOWN OF STALEY, NORTH CAROLINA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2019

	Major Funds		Total Governmental Funds
	General Fund	Cemetery Care Fund	
<b>Revenues:</b>			
Ad valorem taxes	\$ 24,048	\$ -	\$ 24,048
Unrestricted intergovernmental	111,570	-	111,570
Restricted intergovernmental	13,753	-	13,753
Investment earnings	1,621	258	1,879
Miscellaneous	34,666	-	34,666
<b>Total Revenues</b>	<b>185,658</b>	<b>258</b>	<b>185,916</b>
<b>Expenditures:</b>			
General government	41,128	-	41,128
Public safety	15,580	-	15,580
Transportation	9,546	-	9,546
Environmental protection	36,792	-	36,792
Economic and physical development	1,332	-	1,332
<b>Total Expenditures</b>	<b>104,378</b>	<b>-</b>	<b>104,378</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>81,280</b>	<b>258</b>	<b>81,538</b>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	258	-	258
Transfers to other funds	-	(258)	(258)
<b>Total Other Financing Sources (Uses)</b>	<b>258</b>	<b>(258)</b>	<b>-</b>
<b>Net change in fund balance</b>	81,538	-	81,538
<b>Fund balances, beginning as previously reported</b>	654,467	71,237	725,704
<b>Prior period adjustment</b>	(1,800)	-	(1,800)
<b>Fund balances, beginning as restated</b>	<b>652,667</b>	<b>71,237</b>	<b>723,904</b>
<b>Fund balances, ending</b>	<b>\$ 734,205</b>	<b>\$ 71,237</b>	<b>\$ 805,442</b>

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

**TOWN OF STALEY, NORTH CAROLINA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds		\$	81,538
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.	\$	(2,568)	
Sale of donated house		<u>(44,130)</u>	(46,698)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			
Change in deferred revenue for tax revenues			<u>301</u>
Total changes in net assets of governmental activities	\$		<u><u>35,141</u></u>

**TOWN OF STALEY, NORTH CAROLINA**

**GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL**

For the Year Ended June 30, 2019

	General Fund				Cemetery Care Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>								
Ad valorem taxes	\$ 20,000	\$ 20,000	\$ 24,048	\$ 4,048	\$ -	\$ -	\$ -	\$ -
Unrestricted intergovernmental	99,000	99,000	111,570	12,570	-	-	-	-
Restricted intergovernmental	13,500	13,500	13,753	253	-	-	-	-
Sales and services	-	-	-	-	-	-	-	-
Investment earnings	300	300	1,365	1,065	250	250	258	8
Miscellaneous	500	500	34,666	34,166	-	-	-	-
<b>Total Revenues</b>	<u>133,300</u>	<u>133,300</u>	<u>185,402</u>	<u>52,102</u>	<u>250</u>	<u>250</u>	<u>258</u>	<u>8</u>
<b>Expenditures:</b>								
Current:								
General government	46,400	46,400	41,128	5,272	-	-	-	-
Public safety	20,000	20,000	15,580	4,420	-	-	-	-
Transportation	39,500	39,500	9,546	29,954	-	-	-	-
Environmental protection	39,300	39,300	36,792	2,508	-	-	-	-
Economic and physical development	17,500	17,500	1,332	16,168	-	-	-	-
<b>Total Expenditures</b>	<u>162,700</u>	<u>162,700</u>	<u>104,378</u>	<u>58,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(29,400)</u>	<u>(29,400)</u>	<u>81,024</u>	<u>110,424</u>	<u>250</u>	<u>250</u>	<u>258</u>	<u>8</u>
<b>Other Financing Sources:</b>								
Transfers from other funds	250	250	258	8	-	-	-	-
Transfers to other funds	-	-	-	-	(250)	(250)	(258)	(8)
Insurance recovery	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>250</u>	<u>250</u>	<u>258</u>	<u>8</u>	<u>(250)</u>	<u>(250)</u>	<u>(258)</u>	<u>(8)</u>
Fund Balance Appropriated	29,150	29,150	-	(29,150)	-	-	-	-
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>81,282</u>	<u>\$ 81,282</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance, Beginning of Year as Previously Reported</b>			539,137				71,237	
<b>Prior Period Adjustment</b>			(1,800)				-	
<b>Fund Balance, Beginning of Year as Restated</b>			<u>537,337</u>				<u>71,237</u>	
<b>Fund Balance, End of Year</b>			<u>618,619</u>				<u>\$ 71,237</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:								
Interest Income			256					
<b>Fund Balance, Beginning of Year</b>			<u>115,330</u>					
<b>Fund Balance, End of Year</b>			<u>\$ 734,205</u>					

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

**TOWN OF STALEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS**

For The Fiscal Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

The Town of Staley is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, the Town includes all funds and account groups that are controlled by the Town.

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Town reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services. Additionally, the Town has legally adopted an Economic Capital Reserve Fund. Under GASB 54 guidance the Economic Capital Reserve Fund is consolidated in the General Fund. The budgetary comparison for the Economic Capital Reserve Fund has been included in the supplemental information.

**TOWN OF STALEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Concluded)

**Cemetery Permanent Fund.** This fund is used to account for perpetual care of the Town's cemetery. Only investment earnings are available for the upkeep of the cemetery.

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 Financial Statements.* The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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.

*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.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is

## TOWN OF STALEY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 1 - Summary of Significant Accounting Policies (Continued)

##### Measurement Focus and Basis of Accounting (Concluded)

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 utilities franchise 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 of Staley because the tax is levied by Randolph 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.

##### 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, Capital Reserve Fund and Cemetery Care Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

##### Assets, Liabilities, Deferred Outflows/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(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

**TOWN OF STALEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

Deposits and Investments (Concluded)

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).

Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

Town of Staley Restricted Cash

Governmental Activities

General Fund

Streets	\$ 64,735
Cemetery Care	90,508
Capital Reserve	<u>115,586</u>
	270,829

Cemetery Permanent Fund

Cemetery Care	<u>72,886</u>
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Total Governmental Activities \$ 343,715

Total Restricted Cash \$ 343,715

**TOWN OF STALEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. 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 that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

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.

Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

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.

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, buildings, improvements, lines, other plant and distribution systems, infrastructure, furniture and equipment, and vehicles, \$1,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**TOWN OF STALEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

Capital Assets (Concluded)

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	30
Infrastructure	20
Storage Building	5
Furniture and equipment	5
Computer equipment	5

Deferred Inflows of Resources

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

Compensated Absences

The Town has no liability for vacation or sick pay. The Town has a part-time town clerk that is not entitled to vacation or sick pay benefits.

Net Position/Fund Balances

Net Position

Net position in government-wide 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.

**TOWN OF STALEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

Net Position/Fund Balances (Continued)

Fund Balances (Continued)

The governmental fund types classify fund balances as follows:

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

Perpetual Maintenance – Cemetery resources that are required to be retained in perpetuity for maintenance of the Town of Staley Cemetery.

Prepaid Expenses – portion of fund balance that is not an available resource because it represents the year-end balance of ending prepaid expenses, which are not spendable resources.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors, donors 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 prepaids as they are classified as nonspendable. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

**TOWN OF STALEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Note 1 - Summary of Significant Accounting Policies (Concluded)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Concluded)

Net Position/Fund Balances (Concluded)

Fund Balances (Concluded)

Restricted for Cemetery Maintenance – portion of fund balance that is restricted by revenue source for maintenance of the Town of Staley Cemetery.

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by a majority vote by quorum of the Town of Staley’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.

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

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

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

The Finance Officer has been given the authority to spend resources in the order deemed in the best interest of the Town. 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.

## TOWN OF STALEY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 2 – Stewardship, Compliance, and Accountability

##### Significant Violations of Finance-Related Legal and Contractual Provisions

###### Noncompliance with North Carolina General Statutes

The Town did not have bookkeeping services performed monthly in violation of G.S. 159-25(a)(1). The Town agrees with this finding and will request these services be provided in a timelier manner. There was a budget amendment approved by the Board that the Finance Officer did not reflect in the final budget in violation of G.S. 159-15. The Town agrees with this finding and will request the assistance of the bookkeeper when preparing an amended budget in the future.

###### Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the Town's Cemetery Care Fund exceeded the authorized appropriations made by the governing board for the transfers to other funds by \$8. This over-expenditure occurred due to the Town not including additional interest income in the budget. The Management and the Council will ensure compliance in future years.

#### Note 3 - Detail Notes on All Funds

##### 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 its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits 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. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer

**TOWN OF STALEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Note 3 - Detail Notes on All Funds (Continued)

Assets (Continued)

Deposits (Concluded)

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 designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town's deposits had a carrying amount of \$777,266 and a bank balance of \$778,128. Of the bank balance, \$694,675 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

Receivables - Allowance for Doubtful Accounts

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2019 are net of the following allowance for doubtful accounts: General Fund – Taxes receivable- \$0.

Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 21,870	\$ -	\$ -	\$ 21,870
House	44,130	-	44,130	-
Total capital assets not being depreciated	<u>66,000</u>	<u>-</u>	<u>44,130</u>	<u>21,870</u>
<b>Capital assets being depreciated:</b>				
Buildings	8,431	-	-	8,431
Infrastructure	35,373	-	-	35,373
Equipment	4,949	-	-	4,949
Storage building	4,000	-	-	4,000
Total capital assets being depreciated	<u>52,753</u>	<u>-</u>	<u>-</u>	<u>52,753</u>
<b>Less accumulated depreciation for:</b>				
Buildings	8,431	-	-	8,431
Infrastructure	4,296	1,768	-	6,064
Equipment	4,949	-	-	4,949
Storage building	2,133	800	-	2,933
Total accumulated depreciation	<u>19,809</u>	<u>\$ 2,568</u>	<u>\$ -</u>	<u>22,377</u>
Total capital assets being depreciated, net	<u>32,944</u>			<u>30,376</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 98,944</u>			<u>\$ 52,246</u>

**TOWN OF STALEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Note 3 - Detail Notes on All Funds (Continued)

Capital Assets (Concluded)

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

General government	\$	800
Transportation		<u>1,768</u>
Total depreciation expense	\$	<u><u>2,568</u></u>

Liabilities

Pension Plan Obligations

The Town does not participate in the State-run defined benefit pension system.

Deferred Inflows of Resources

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

	General Fund Balance Sheet
Taxes Receivable, less penalties (General Fund)	\$ 1,544
Total	<u><u>\$ 1,544</u></u>

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$5 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to the statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request. It

**TOWN OF STALEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

Note 3 - Detail Notes on All Funds (Concluded)

Risk Management (Concluded)

should be noted that the Town of Staley has no full-time employees to cover under health insurance. The Town does not have flood insurance coverage. The Town is not located in a flood plane. The Town's Clerk has access to \$100 or more at any given time of the Town's funds and is performance bonded through a commercial surety bond. The Clerk is currently bonded for \$50,000.

Claims, Judgments, and Contingent Liabilities

At June 30, 2019, the Town was not involved in any lawsuits.

At June 30, 2019, the Town of Staley had a legal debt margin of \$1,579,968.

Note 4 - Interfund Balances and Activity

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

Due to the General Fund from the:

Cemetery Care Fund	\$	<u>1,649</u>
	\$	<u><u>1,649</u></u>

The interfund balances resulted from the time lag between the dates that payments between funds are made.

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

From the Cemetery Care Fund to  
the General Fund

	\$	<u>258</u>
	\$	<u><u>258</u></u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including interest income earned in the Cemetery Care Fund and moved to the General Fund.

**TOWN OF STALEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)**

**Note 5 – Fund Balance**

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

<i>Total fund balance - General Fund</i>	\$ <u>734,205</u>
Less:	
Prepaid Expenses	1,941
Stabilization by State Statute	31,469
Cemetery Maintenance	90,508
Streets - Powell Bill	64,735
Committed – Capital Reserve	15,586
Appropriated Fund Balance in 2020 Budget	<u>137,100</u>
Remaining Fund Balance	\$ <u><u>392,866</u></u>

**Note 6 - Subsequent Events**

The Town has evaluated all subsequent events through November 6, 2019, the date the financial statements were available to be issued.

**Note 7 – Restatements**

**Prior Period Adjustment**

During the fiscal year ended June 30, 2019, a house was sold that had been donated to the Town in a previous year. The Town received earnest money from the purchaser during the fiscal year ended June 30, 2018. This deposit had been recorded as a sale of cemetery plots in error. An adjustment to beginning fund balance has been recorded to account for the earnest money, the net effect of which decreased beginning net position and fund balance by \$1,800.

**TOWN OF STALEY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad Valorem Taxes:			
Taxes	\$ 20,000	\$ 24,048	\$ 4,048
Total	<u>20,000</u>	<u>24,048</u>	<u>4,048</u>
Unrestricted Intergovernmental:			
Utility franchise tax	10,000	11,579	1,579
Sales tax from state	89,000	99,706	10,706
Solid waste tax	-	285	285
Total	<u>99,000</u>	<u>111,570</u>	<u>12,570</u>
Restricted Intergovernmental:			
State street aid allocation - Powell Bill	<u>13,500</u>	<u>13,753</u>	<u>253</u>
Sales and Services:			
Cemetery plots	<u>-</u>	<u>-</u>	<u>-</u>
Investment Earnings	<u>300</u>	<u>1,365</u>	<u>1,065</u>
Miscellaneous:			
Cemetery donations	-	216	216
Miscellaneous	500	-	(500)
Sale of donated asset	-	34,450	34,450
Total	<u>500</u>	<u>34,666</u>	<u>34,166</u>
<b>Total Revenues</b>	<b>\$ <u>133,300</u></b>	<b>\$ <u>185,402</u></b>	<b>\$ <u>52,102</u></b>

**TOWN OF STALEY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General Government:			
Administrative:			
Compensation	\$	\$ 13,407	\$
Audit and legal		10,055	
Insurance		3,048	
Advertisement		490	
Departmental supplies		824	
Dues		1,581	
Utilities		2,418	
Planning and zoning		6,040	
Total	<u>40,900</u>	<u>37,863</u>	<u>3,037</u>
Public Buildings:			
Contracted services		3,265	
Total	<u>4,000</u>	<u>3,265</u>	<u>735</u>
Elections:			
Professional services	1,500	-	1,500
Total General Government	<u>46,400</u>	<u>41,128</u>	<u>5,272</u>
Public Safety:			
Police:			
Contracted services	20,000	15,580	4,420
Transportation:			
Streets:			
Street lights		7,530	
Contracted services		2,016	
Total Transportation	<u>39,500</u>	<u>9,546</u>	<u>29,954</u>
Environmental Protection:			
Sanitation:			
Garbage and recycle fee	30,000	28,345	1,655
Cemetery:			
Supplies		251	
Utilities		570	
Contracted services		7,626	
Total Cemetery	<u>9,300</u>	<u>8,447</u>	<u>853</u>
Total Environmental Protection	<u>\$ 39,300</u>	<u>\$ 36,792</u>	<u>\$ 2,508</u>

**TOWN OF STALEY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (Concluded):</b>			
Economic and Physical Development:			
Special appropriations:			
Community development	\$	\$ 650	\$
Christmas parade		682	
	<u>17,500</u>	<u>1,332</u>	<u>16,168</u>
Total Economic and Physical Development	<u>17,500</u>	<u>1,332</u>	<u>16,168</u>
<b>Total Expenditures</b>	<u>162,700</u>	<u>104,378</u>	<u>58,322</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(29,400)</u>	<u>81,024</u>	<u>110,424</u>
<b>Other Financing Sources:</b>			
Transfers from Other Funds:			
Cemetery care fund	<u>250</u>	<u>258</u>	<u>8</u>
Total	<u>250</u>	<u>258</u>	<u>8</u>
<b>Fund Balance Appropriated</b>	<u>29,150</u>	<u>-</u>	<u>(29,150)</u>
<b>Net Change in Fund Balance</b>	\$ <u>-</u>	81,282	\$ <u>81,282</u>
<b>Fund Balance, Beginning of Year as Previously Reported</b>		539,137	
<b>Prior Period Adjustment</b>		<u>(1,800)</u>	
<b>Fund Balance, Beginning of Year as Restated</b>		<u>537,337</u>	
<b>Fund Balance, End of Year</b>		\$ <u>618,619</u>	

**TOWN OF STALEY, NORTH CAROLINA**

**CAPITAL RESERVE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2019

	Capital Reserve Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
<b>Revenues:</b>				
Miscellaneous	\$ -	\$ -	\$ 256	\$ 256
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>256</u>	<u>256</u>
<b>Expenditures:</b>				
Capital Outlay	100,000	100,000	-	100,000
<b>Total Expenditures</b>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<b>Revenues Over (Under) Expenditures</b>	<u>(100,000)</u>	<u>(100,000)</u>	<u>256</u>	<u>100,256</u>
<b>Other Financing Sources:</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
<b>Total Other Financing         Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance Appropriated	100,000	100,000	-	(100,000)
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>256</u>	<u>\$ 256</u>
<b>Fund Balance, Beginning of Year</b>			<u>115,330</u>	
<b>Fund Balance, End of Year</b>			<u>\$ 115,586</u>	

**TOWN OF STALEY, NORTH CAROLINA**

**GENERAL FUND**  
**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
 June 30, 2019

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 24,687	\$ 24,320	\$ 367
2017-2018	199	-	10	189
2016-2017	163	-	18	145
2015-2016	81	-	-	81
2014-2015	72	-	-	72
2013-2014	8	-	-	8
2012-2013	60	-	6	54
2011-2012	624	-	26	598
2010-2011	16	-	1	15
2009-2010	16	-	1	15
2008-2009	4	-	4	-
	<u>\$ 1,243</u>	<u>\$ 24,687</u>	<u>\$ 24,386</u>	1,544
Less: Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>-</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 1,544</u>
<b>Reconciliation with Revenues:</b>				
Ad Valorem Taxes - General Fund				\$ 24,048
Reconciling Items:				
Interest collected				(61)
Adjustments				<u>399</u>
<b>Total Collections and Credits</b>				<u>\$ 24,386</u>

**TOWN OF STALEY, NORTH CAROLINA****ANALYSIS OF CURRENT TAX LEVY**  
**TOWN-WIDE LEVY**

For the Fiscal Year Ended June 30, 2019

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy:</b>					
Property taxed at current year's rate	\$ 19,964,000	\$ 0.1250	\$ 24,955	\$ 21,262	\$ 3,693
Penalties	-		-	-	-
<b>Total</b>	<u>19,964,000</u>		<u>24,955</u>	<u>21,262</u>	<u>3,693</u>
<b>Discoveries:</b>					
Current year taxes	42,400	0.1250	53	53	-
Penalties	-		-	-	-
<b>Total</b>	<u>42,400</u>		<u>53</u>	<u>53</u>	<u>-</u>
Abatements:					
Current year taxes	<u>(256,800)</u>	0.1250	<u>(321)</u>	<u>(250)</u>	<u>(71)</u>
<b>Total Property Valuation</b>	<u>\$ 19,749,600</u>				
Net levy			24,687	21,065	3,622
Uncollected taxes at June 30, 2019			<u>(367)</u>	<u>(367)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 24,320</u>	<u>\$ 20,698</u>	<u>\$ 3,622</u>
Current levy collection percentage			<u>98.51%</u>	<u>98.26%</u>	<u>100.00%</u>