

**TOWN OF STANFIELD**  
**NORTH CAROLINA**

**FINANCIAL STATEMENTS**  
June 30, 2019

**TOWN OF STANFIELD, NORTH CAROLINA**

**BOARD OF COMMISSIONERS**

Kevin Barbee, Mayor

James Griffin

James Kluttz

Larry Sides

Rick Williams

Jerry Williams

**OFFICIALS**

Bridgette Helms

Town Administrator

Wanda Yow

Town Clerk

# TOWN OF STANFIELD, NORTH CAROLINA

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the Board of Commissioners  
Stanfield, North Carolina

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stanfield, 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

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

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Position Liability and Contributions, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 44 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Stanfield, North Carolina. The individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary schedules and other schedules are the responsibility of management and were derived from and 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 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.



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

October 28, 2019

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

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

We encourage readers to examine the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### **Financial Highlights**

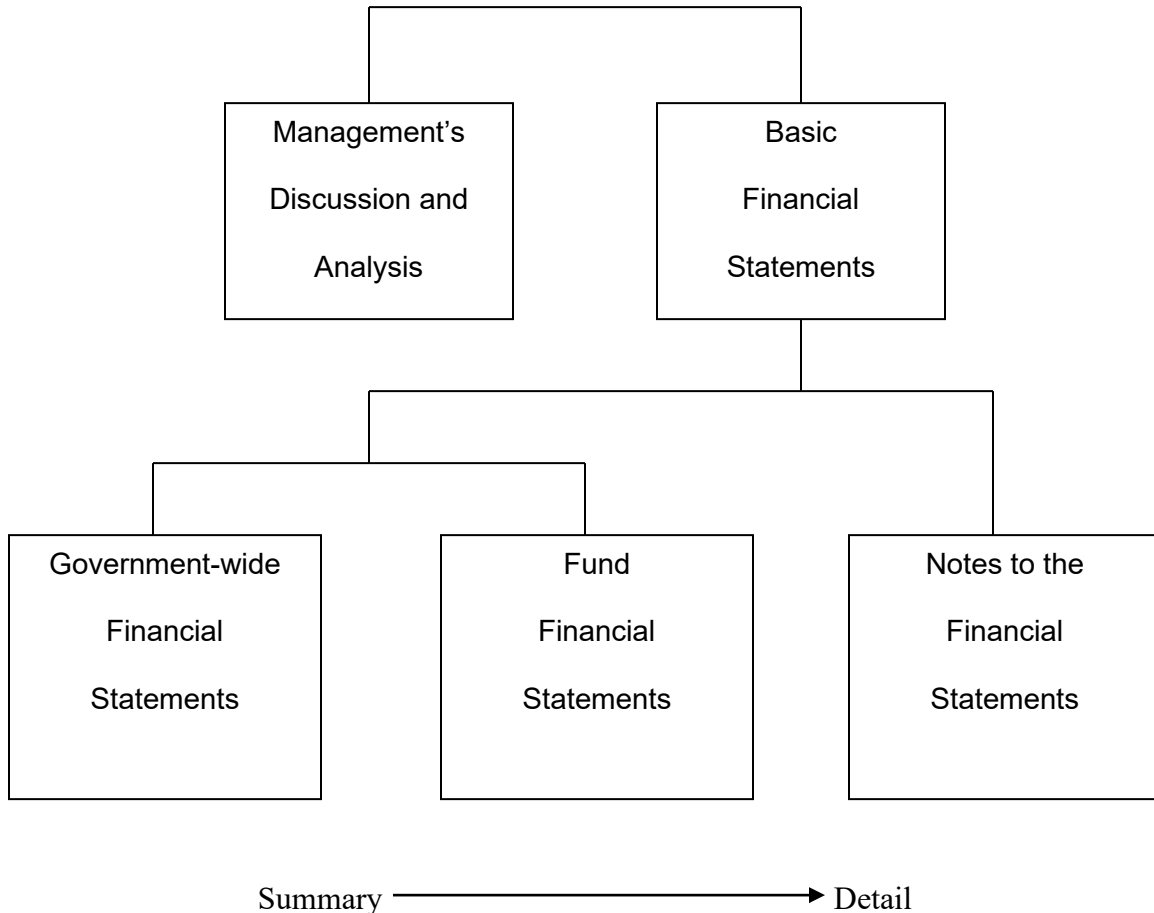
- The assets and deferred outflows of resources of the Town of Stanfield exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$6,055,634 (*net position*).
- The government's total net position increased by \$63,921, primarily due to an increase in the governmental activities net position.
- As of the close of the current fiscal year, the Town of Stanfield's governmental funds reported ending fund balances of \$950,074 with a net change of a positive \$8,789 in fund balance. Approximately ninety-one percent (91%) of this total amount is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$862,128, or 89% of the total General Fund expenditures for the fiscal year.
- The Town has no debt other than that related to pensions.

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

This discussion and analysis are intended to serve as an introduction to the Town of Stanfield'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 Stanfield.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

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



## Management Discussion and Analysis

### Town of Stanfield

individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

### Government-Wide Financial Statements

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

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

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

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 Stanfield, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Stanfield can be divided into two categories: governmental funds and proprietary funds.

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

## Management Discussion and Analysis

### Town of Stanfield

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

**Proprietary Fund** – Town of Stanfield has a proprietary fund or enterprise fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Stanfield uses its enterprise fund to account for water and sewer activities. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 20 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.

## Town of Stanfield's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 1,089,752	\$ 1,074,663	\$ 559,234	\$ 414,003	\$ 1,648,986	\$ 1,488,666
Capital assets	781,229	676,393	3,832,221	3,954,922	4,613,450	4,631,315
Deferred outflows of resources	164,203	121,287	12,552	10,937	176,755	132,224
Total assets and deferred outflows of resources	2,035,184	1,872,343	4,404,007	4,379,862	6,439,191	6,252,205
Long-term liabilities outstanding	249,107	208,540	22,630	12,983	271,737	221,523
Other liabilities	19,811	12,373	59,223	18,287	79,034	30,660
Deferred inflows of resources	32,148	7,439	638	870	32,786	8,309
Total liabilities and deferred inflows of resources	301,066	228,352	82,491	32,140	383,557	260,492
Net position:						
Net investment in capital assets	781,229	676,393	3,832,221	3,954,922	4,613,450	4,631,315
Restricted	87,946	71,241	-	-	87,946	71,241
Unrestricted	864,943	896,357	489,295	392,800	1,354,238	1,289,157
Total net position	\$ 1,734,118	\$ 1,643,991	\$ 4,321,516	\$ 4,347,722	\$ 6,055,634	\$ 5,991,713

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Stanfield exceeded liabilities and deferred inflows by \$6,055,634 as of June 30, 2019. The Town's net position increased by \$63,921 for the fiscal year ended June 30, 2019. However, the largest portion (77%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Stanfield uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Stanfield's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Stanfield's net position, \$87,946 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,354,238 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.29%.

Management Discussion and Analysis  
Town of Stanfield

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues						
Charges for services	\$ 10,117	\$ 8,907	\$ 446,592	\$ 434,771	\$ 456,709	\$ 443,678
Operating grants and contributions	520	800	-	-	520	800
Capital grants and contributions	46,626	46,677	-	-	46,626	46,677
General revenues:						
Property taxes	434,936	421,873	-	-	434,936	421,873
Other taxes	486,994	453,653	-	-	486,994	453,653
Grants and contributions not restricted to specific programs	1,116	1,068	-	-	1,116	1,068
Other	4,018	10,595	1,242	561	5,260	11,156
Total revenues	984,327	943,573	447,834	435,332	1,432,161	1,378,905
Expenses:						
General government	179,951	184,379	-	-	179,951	184,379
Public safety	390,266	382,107	-	-	390,266	382,107
Transportation	105,654	101,593	-	-	105,654	101,593
Environmental protection	100,436	92,521	-	-	100,436	92,521
Cultural and recreation	117,893	108,445	-	-	117,893	108,445
Water and sewer	-	-	474,040	444,620	474,040	444,620
Total expenses	894,200	869,045	474,040	444,620	1,368,240	1,313,665
Increase/(decrease) in net position	90,127	74,528	(26,206)	(9,288)	63,921	65,240
Net position, beginning	1,643,991	1,569,463	4,347,722	4,357,010	5,991,713	5,926,473
Net position, ending	\$ 1,734,118	\$ 1,643,991	\$ 4,321,516	\$ 4,347,722	\$ 6,055,634	\$ 5,991,713

**Governmental activities** - Governmental activities increased the Town's net position by \$90,127. A key element of this increase is as follows:

- The Town received more tax revenues than estimated and controlled expenses within budgeted levels.

**Business-type activities:** Business-type activities decreased the Town of Stanfield's net position by \$26,206.

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

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

**Governmental Funds** - The focus of the Town of Stanfield'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 Stanfield's financing requirements.

The general fund is the chief operating fund of the Town of Stanfield. At the end of the current fiscal year, Town of Stanfield's fund balance available in the General Fund was \$862,128, while total fund balance reached \$950,074. 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 89% of total General Fund expenditures, while total fund balance represents 97% of that same amount.

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

**Proprietary Funds** – The Town of Stanfield's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$489,295. The total decrease in net position for the fund was \$26,206. Other factors concerning the finances of the fund have already been addressed in the discussion of the Town of Stanfield's business-type activities.

### **Capital Asset and Debt Administration**

**Capital assets** - The Town of Stanfield's investment in capital assets for its governmental activities as of June 30, 2019 totals \$781,229 (net of accumulated depreciation). These assets include buildings, streets, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year included the following:

- Replaced three computers in Administration Office for \$900.
- Purchased new Police Interceptor vehicle, Ford Explorer, for \$38,000.
- Acquired 9 acres to increase recreational area of Pete Henkel Park for \$123,000.
- Installed new Sewer Flow Meter for Pless Mill Subdivision for \$7,500.

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

- The Town has budgeted for repaving and recurbing of N Love Chapel Rd at a cost of \$115,000 out of accumulated Powell Bill Funds.
- Also budgeted is the purchase of a K-9, Tango, and required 6-week training of responsible officer at a cost of \$20,000.
- The Town Board has secured financial stability of both town working funds (General and Enterprise) by holding in reserves 75% of the working budget.
- The Town Board did determine rising costs associated with the Enterprise Fund justified a 5% increase in water and sewer rates.
- No Property tax increase was implemented.

### **Budget Highlights for the Fiscal Year Ended June 30, 2019**

**Governmental Activities:** Town Board made a decision to disperse savings into multiple CDs with staggered maturity schedules to gain maximum growth of funds while maintaining fund access.

**Business-Type Activities:** Also, Town Board made a decision to disperse savings into multiple CDs with staggered maturity schedules to gain maximum growth of funds while maintaining fund access.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Clerk, Town of Stanfield, PO Box 699, Stanfield, NC 28163. One can also call 704-888-2386, or visit our website at [www.stanfieldnc.com](http://www.stanfieldnc.com) for more information.

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

June 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Current Assets:			
Cash and cash equivalents	\$ 881,939	\$ 523,645	\$ 1,405,584
Taxes receivable (net)	20,745	-	20,745
Accounts receivable (net)	-	30,981	30,981
Due from other governments	99,122	4,608	103,730
Restricted cash and cash equivalents	87,946	-	87,946
Total Current Assets	<u>1,089,752</u>	<u>559,234</u>	<u>1,648,986</u>
Non-current assets:			
Capital Assets (Note 1):			
Land, non-depreciable improvements, and construction in progress	221,540	-	221,540
Other capital assets, net of depreciation	559,689	3,832,221	4,391,910
Total Capital Assets	<u>781,229</u>	<u>3,832,221</u>	<u>4,613,450</u>
<b>Total Assets</b>	<u>1,870,981</u>	<u>4,391,455</u>	<u>6,262,436</u>
<b>Deferred Outflows of Resources:</b>			
Current year pension contributions	32,609	4,346	36,955
Pension deferrals	131,594	8,206	139,800
<b>Total Deferred Outflows of Resources</b>	<u>164,203</u>	<u>12,552</u>	<u>176,755</u>
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable	19,811	41,286	61,097
Customer deposits	-	17,937	17,937
Total Current Liabilities	<u>19,811</u>	<u>59,223</u>	<u>79,034</u>
Long-Term Liabilities:			
Net pension liability	148,179	22,630	170,809
Total pension liability	100,928	-	100,928
<b>Total Liabilities</b>	<u>268,918</u>	<u>81,853</u>	<u>350,771</u>
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	32,148	638	32,786
<b>Total Deferred Inflows of Resources</b>	<u>32,148</u>	<u>638</u>	<u>32,786</u>
<b>Net Position:</b>			
Net investment in capital assets	781,229	3,832,221	4,613,450
Restricted for:			
Transportation	87,946	-	87,946
Unrestricted	864,943	489,295	1,354,238
<b>Total Net Position</b>	<u>\$ 1,734,118</u>	<u>\$ 4,321,516</u>	<u>\$ 6,055,634</u>

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

**TOWN OF STANFIELD, NORTH CAROLINA****STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Position		
					Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental Activities:							
General government	\$ 179,951	\$ 5,750	\$ 520	\$ -	\$ (173,681)	\$ -	\$ (173,681)
Public safety	390,266	-	-	-	(390,266)	-	(390,266)
Transportation	105,654	-	-	46,626	(59,028)	-	(59,028)
Environmental protection	100,436	-	-	-	(100,436)	-	(100,436)
Cultural and recreational	117,893	4,367	-	-	(113,526)	-	(113,526)
Total Governmental Activities (See Note 1)	894,200	10,117	520	46,626	(836,937)	-	(836,937)
Business-type Activities:							
Water and sewer	474,040	446,592	-	-	-	(27,448)	(27,448)
Total Business-type Activities	474,040	446,592	-	-	-	(27,448)	(27,448)
<b>Total</b>	<b>\$ 1,368,240</b>	<b>\$ 456,709</b>	<b>\$ 520</b>	<b>\$ 46,626</b>	<b>(836,937)</b>	<b>(27,448)</b>	<b>(864,385)</b>
<b>General Revenues:</b>							
Taxes:							
Property taxes, levied for general purpose					434,936	-	434,936
Other taxes and licenses					486,994	-	486,994
Grants and contributions not restricted to specific programs					1,116	-	1,116
Permits and fees					2,509	-	2,509
Unrestricted investment earnings					777	1,242	2,019
Miscellaneous					732	-	732
<b>Total General Revenues</b>					<b>927,064</b>	<b>1,242</b>	<b>928,306</b>
<b>Change in Net Position</b>					<b>90,127</b>	<b>(26,206)</b>	<b>63,921</b>
<b>Net Position, Beginning</b>					<b>1,643,991</b>	<b>4,347,722</b>	<b>5,991,713</b>
<b>Net Position, Ending</b>					<b>\$ 1,734,118</b>	<b>\$ 4,321,516</b>	<b>\$ 6,055,634</b>

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



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

June 30, 2019

	<u>Major Fund</u>	<u>Total</u>
	<u>General</u>	<u>Governmental</u>
		<u>Funds</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 881,939	\$ 881,939
Restricted cash	87,946	87,946
Receivables, net		
Taxes	20,745	20,745
Due from other governments	99,122	99,122
<b>Total Assets</b>	<b>\$ 1,089,752</b>	<b>\$ 1,089,752</b>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 19,811	\$ 19,811
<b>Total Liabilities</b>	<b>19,811</b>	<b>19,811</b>
<b>Deferred Inflows of Resources:</b>		
Property taxes receivable	20,745	20,745
Due from other governments	99,122	99,122
<b>Total Deferred Inflows of Resources</b>	<b>119,867</b>	<b>119,867</b>
<b>Fund Balances:</b>		
Restricted		
Streets - Powell Bill	87,946	87,946
Unassigned	862,128	862,128
<b>Total Fund Balances</b>	<b>950,074</b>	<b>950,074</b>
<b>Total Liabilities, Deferred Inflows</b>		
<b>of Resources and Fund Balances</b>	<b>\$ 1,089,752</b>	

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

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

Gross capital assets at historical cost	\$ 1,896,059	
Accumulated depreciation	<u>(1,114,830)</u>	781,229

Deferred outflows of resources related to pensions are not reported in the funds. 164,203

Earned revenues considered deferred inflows of resources in fund statements. 119,867

Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds

Net pension liability	(148,179)
Total pension liability	(100,928)

Deferred inflows of resources related to pensions are not reported in the funds (32,148)

Net position of governmental activities **\$ 1,734,118**

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

**TOWN OF STANFIELD, NORTH CAROLINA**

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

**GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2019

	Major Fund <u>General</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>		
Ad valorem taxes	\$ 443,909	\$ 443,909
Unrestricted intergovernmental	479,159	479,159
Restricted intergovernmental	47,742	47,742
Permits and fees	12,626	12,626
Investment earnings	777	777
Grants and contributions	520	520
Miscellaneous	732	732
<b>Total Revenues</b>	<u>985,465</u>	<u>985,465</u>
<b>Expenditures:</b>		
Current:		
General government	169,134	169,134
Public safety	391,846	391,846
Cultural and recreational	222,058	222,058
Transportation	93,202	93,202
Environmental protection	100,436	100,436
<b>Total Expenditures</b>	<u>976,676</u>	<u>976,676</u>
<b>Revenues Over (Under) Expenditures</b>	<u>8,789</u>	<u>8,789</u>
<b>Net Change in Fund Balance</b>	8,789	8,789
<b>Fund Balances, Beginning</b>	<u>941,285</u>	<u>941,285</u>
<b>Fund Balances, Ending</b>	\$ <u><u>950,074</u></u>	\$ <u><u>950,074</u></u>

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

**TOWN OF STANFIELD, 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	\$	8,789
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	\$	187,715
Depreciation expense for governmental assets		<u>(82,208)</u>
		105,507
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		32,609
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		(1,138)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expense		<u>(55,640)</u>
Total changes in net position of governmental activities	\$	<u><u>90,127</u></u>

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

**TOWN OF STANFIELD, NORTH CAROLINA****GENERAL FUND****STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 402,500	\$ 402,500	\$ 443,909	\$ 41,409
Unrestricted intergovernmental	409,800	409,800	479,159	69,359
Restricted intergovernmental	31,000	31,000	47,742	16,742
Permits and fees	8,600	8,600	12,626	4,026
Investment earnings	1,600	1,600	777	(823)
Grants and contributions	-	-	520	520
Miscellaneous	1,500	1,500	732	(768)
<b>Total Revenues</b>	<b>855,000</b>	<b>855,000</b>	<b>985,465</b>	<b>130,465</b>
<b>Expenditures:</b>				
Current:				
General government	170,000	170,000	169,134	866
Public safety	396,000	396,000	391,846	4,154
Cultural and recreational	93,500	223,500	222,058	1,442
Transportation	94,500	94,500	93,202	1,298
Environmental protection	101,000	101,000	100,436	564
<b>Total Expenditures</b>	<b>855,000</b>	<b>985,000</b>	<b>976,676</b>	<b>8,324</b>
<b>Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(130,000)</b>	<b>8,789</b>	<b>138,789</b>
<b>Fund Balance Appropriated</b>	<b>-</b>	<b>130,000</b>	<b>-</b>	<b>(130,000)</b>
<b>Net Change in Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>8,789</b>	<b>\$ 8,789</b>
<b>Fund Balance, Beginning</b>			<b>941,285</b>	
<b>Fund Balance, Ending</b>			<b>\$ 950,074</b>	

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

**TOWN OF STANFIELD, NORTH CAROLINA****STATEMENT OF FUND NET POSITION****PROPRIETARY FUND**

June 30, 2019

	<u>Major Enterprise Fund</u>	
	<u>Water and Sewer Fund</u>	<u>Total</u>
<b>Assets:</b>		
Current Assets:		
Cash and cash equivalents	\$ 523,645	\$ 523,645
Accounts receivable (net) - billed	30,981	30,981
Other receivables	4,608	4,608
Total Current Assets	<u>559,234</u>	<u>559,234</u>
Noncurrent Assets:		
Capital Assets:		
Land and other non-depreciable assets	-	-
Other capital assets, net of depreciation	3,832,221	3,832,221
Capital assets (net)	<u>3,832,221</u>	<u>3,832,221</u>
Total Noncurrent Assets	<u>3,832,221</u>	<u>3,832,221</u>
<b>Total Assets</b>	<u><u>\$ 4,391,455</u></u>	<u><u>\$ 4,391,455</u></u>
<b>Deferred Outflows of Resources:</b>		
Current year pension contributions	4,346	4,346
Pension deferrals	8,206	8,206
<b>Total Deferred Outflows of Resources</b>	<u>12,552</u>	<u>12,552</u>
<b>Liabilities:</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 41,286	\$ 41,286
Customer deposits	17,937	17,937
Total Current Liabilities	<u>59,223</u>	<u>59,223</u>
Long-Term Liabilities:		
Net pension liability	22,630	22,630
Total Noncurrent Liabilities	<u>22,630</u>	<u>22,630</u>
<b>Total Liabilities</b>	<u>81,853</u>	<u>81,853</u>
<b>Deferred Inflows of Resources:</b>		
Pension deferrals	638	638
<b>Net Position:</b>		
Net Investment in Capital Assets	3,832,221	3,832,221
Unrestricted	489,295	489,295
<b>Total Net Position</b>	<u><u>\$ 4,321,516</u></u>	<u><u>\$ 4,321,516</u></u>

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

**TOWN OF STANFIELD, NORTH CAROLINA****STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION****PROPRIETARY FUND**

For the Year Ended June 30, 2019

	<u>Major Enterprise Fund</u>	
	<u>Water and Sewer Fund</u>	<u>Total</u>
<b>Operating Revenues:</b>		
Charges for services	\$ 387,371	\$ 387,371
Water and sewer taps	30,338	30,338
Other operating revenues	28,883	28,883
<b>Total Operating Revenues</b>	<u>446,592</u>	<u>446,592</u>
<b>Operating Expenses:</b>		
Administration	122,936	122,936
Water treatment and distribution	64,015	64,015
Wastewater collection and treatment	157,684	157,684
Depreciation	129,405	129,405
<b>Total Operating Expenses</b>	<u>474,040</u>	<u>474,040</u>
<b>Operating Income (Loss)</b>	<u>(27,448)</u>	<u>(27,448)</u>
<b>Nonoperating Revenues (Expenses):</b>		
Interest and other charges	1,242	1,242
<b>Total Nonoperating Revenues (Expenses)</b>	<u>1,242</u>	<u>1,242</u>
<b>Change in Net Position</b>	(26,206)	(26,206)
<b>Total Net Position, Beginning</b>	<u>4,347,722</u>	<u>4,347,722</u>
<b>Total Net Position, Ending</b>	\$ <u>4,321,516</u>	\$ <u>4,321,516</u>

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

**TOWN OF STANFIELD, NORTH CAROLINA****STATEMENT OF CASH FLOWS****PROPRIETARY FUND**

For the Fiscal Year Ended June 30, 2019

	<u>Major Enterprise Fund</u>	
	<u>Water and Sewer Fund</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>		
Cash received from customers	\$ 444,895	\$ 444,895
Cash paid for goods and services	(236,966)	(236,966)
Cash paid to or on behalf of employees for services	(71,901)	(71,901)
Other operating revenues	1,696	1,696
Customer deposits	20,932	20,932
	<u>158,656</u>	<u>158,656</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		
	<u>158,656</u>	<u>158,656</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Principal paid on note maturities	-	-
Interest paid on note maturities	-	-
	<u>-</u>	<u>-</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>		
	<u>-</u>	<u>-</u>
<b>Cash Flows From Investing Activities:</b>		
Purchase of fixed asset	(6,705)	(6,705)
Interest and dividends	1,242	1,242
	<u>(5,463)</u>	<u>(5,463)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>		
	<u>(5,463)</u>	<u>(5,463)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	153,193	153,193
<b>Balances, Beginning</b>	370,452	370,452
<b>Balances, Ending</b>	\$ <u>523,645</u>	\$ <u>523,645</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating income	\$ (27,448)	\$ (27,448)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation	129,405	129,405
<b>Changes in Assets and Liabilities:</b>		
(Increase) decrease in accounts receivable	7,962	7,962
(Increase) decrease in deferred outflows of resources	(1,615)	(1,615)
Increase (decrease) in accounts payable and accrued liabilities	40,937	40,937
Increase (decrease) in net pension liability	9,647	9,647
Increase (decrease) in deferred inflows of resources	(232)	(232)
	<u>186,104</u>	<u>186,104</u>
<b>Total Adjustments</b>		
	<u>186,104</u>	<u>186,104</u>
<b>Net Cash Provided by Operating Activities</b>	\$ <u>158,656</u>	\$ <u>158,656</u>

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

## TOWN OF STANFIELD, 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 Stanfield 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 Stanfield is a municipal corporation that is governed by an elected mayor and a five-member board of commissioners. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town of Stanfield only. There were no entities which met the requirements of a reportable component unit.

##### 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. The emphasis of fund financial statements is on the major 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 that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and State-shared revenues. The primary expenditures are for public safety, street maintenance and construction, sanitation services, and general government services.

The Town reports the following major enterprise fund:

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



## TOWN OF STANFIELD, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

##### 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charged to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 are for limited registration plates are shown as receivable in these financial statements and are offset by deferred inflows of resources.

## TOWN OF STANFIELD, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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. 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 budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

##### 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.

In accordance with State law, the Town has invested in certificates of deposit securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices. The Town has no policy regarding credit risk.

###### Cash and Cash Equivalents

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

###### Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. All restricted cash recorded in the financial statements relates to the Powell Bill funds.

## TOWN OF STANFIELD, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

###### Restricted Assets (Concluded)

###### Town of Stanfield Restricted Cash

###### Governmental Activities

###### General Fund

Streets	\$ <u>87,946</u>
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Total Restricted Cash	\$ <u>87,946</u>
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###### 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, 2017. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

###### 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. The Town believes any allowance to be immaterial, and therefore records no amount for allowance for doubtful accounts.

###### 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, infrastructure, furniture and equipment, and vehicles, \$500. 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 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of road network assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

## TOWN OF STANFIELD, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

###### Capital Assets (Concluded)

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

Asset Class	Estimated Useful Lives
Furniture and equipment	5-10
Land improvements	15
Maintenance equipment	10
Buildings	30
Water lines and tanks	50

###### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, contributions to the pension plan in the current fiscal year and pension deferrals for the 2019 fiscal year. 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 two items that meet the criterion for the category – property taxes receivable and pension deferrals.

###### Long-Term Obligations

Long-term debt for water purposes is carried in the Enterprise Fund rather than the Long-term debt account group. The debt service requirements are being met by water and sewer revenues, but the taxing power is pledged to make these payments if water and sewer revenues should be insufficient. For the year ended June 30, 2019, the Town had no long-term debt incurred or paid during the year.

###### Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty vacation days. Accumulated earned vacation at June 30, 2019 will not exceed \$2,000. The accumulated vacation pay is not considered material and, therefore, no provision for this has been made in the financial statements.

## **TOWN OF STANFIELD, NORTH CAROLINA**

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

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

##### **Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity (Continued)**

###### **Compensated Absences (Concluded)**

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

###### **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.

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

## **NAL**

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 annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "Restricted by State Statute." *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted Fund Balance on the face of the balance sheet.

###### **Fund Balances**

## **TOWN OF STANFIELD, NORTH CAROLINA**

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

#### **Note 1 - Summary of Significant Accounting Policies (Concluded)**

##### **Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity (Concluded)**

##### **Net Position/Fund Balances (Concluded)**

##### **Fund Balances (Concluded)**

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

Assigned Fund Balance – Portion of fund balance the Town of Stanfield intends to use for specific purposes.

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

##### **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Stanfield's employer contributions are recognized when due and the Town of Stanfield has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

#### **Note 2 - 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 this unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. 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

## TOWN OF STANFIELD, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 2 - Detail Notes on All Funds (Continued)

##### Assets (Continued)

##### Deposits (Concluded)

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 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 \$1,405,584 and a bank balance of \$1,470,844. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

##### Restricted Cash

The Town has restricted cash accounts for the General Fund. These cash balances are available for use for the specific purposes.

##### Investments

At June 30, 2019, the Town had \$6,286 invested with the North Carolina Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

##### Receivables – Allowance for Doubtful Accounts

The Town estimates no allowance for doubtful accounts. Any amounts presented in the Balance Sheet and the Statement of Net Position would be considered immaterial and therefore no allowance is recorded.

**TOWN OF STANFIELD, NORTH CAROLINA**

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

**Note 2 - Detail Notes on All Funds (Continued)**

**Assets (Continued)**

**Capital Assets**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 98,379	\$ 123,161	\$ -	\$ 221,540
Capital Assets Being Depreciated:				
Buildings	170,397	-	1,616	168,781
Building improvements	93,590	-	-	93,590
Furniture and fixtures	12,866	-	2,375	10,491
Vehicles and other equipment	590,945	46,154	101,686	535,413
Land improvements	169,644	-	-	169,644
Infrastructure	678,200	18,400	-	696,600
Total Capital Assets Being Depreciated	1,715,642	64,554	105,677	1,674,519
Less Accumulated Depreciation For:				
Buildings	50,022	4,930	1,616	53,336
Building improvements	22,992	3,033	-	26,025
Furniture and fixtures	12,866	-	2,375	10,491
Vehicles and other equipment	525,493	33,547	101,015	458,025
Land improvements	141,692	4,322	-	146,014
Infrastructure	384,563	36,376	-	420,939
Total Accumulated Depreciation	1,137,628	\$ 82,208	\$ 105,006	1,114,830
Total Capital Assets Being Depreciated, Net	578,014			559,689
<b>Governmental Activity Capital Assets, Net</b>	\$ 676,393			\$ 781,229

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

General Government	\$ 7,785
Public Safety	26,926
Transportation	29,944
Cultural and Recreational	17,553
Total Depreciation Expense	\$ 82,208



## TOWN OF STANFIELD, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 2 - Detail Notes on All Funds (Continued)

##### Assets (Concluded)

##### Capital Assets (Concluded)

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Water and Sewer Fund</b>				
Capital Assets Not Being Depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Capital Assets Being Depreciated:				
Plant and distribution systems	5,935,989	6,704	-	5,942,693
Total Capital Assets Being Depreciated	5,935,989	6,704	-	5,942,693
Less Accumulated Depreciation For:				
Plant and distribution systems	1,981,067	129,405	-	2,110,472
Total Accumulated Depreciation	1,981,067	\$ 129,405	\$ -	2,110,472
Total Capital Assets Being Depreciated, Net	3,954,922			3,832,221
<b>Governmental Activity Capital Assets, Net</b>	\$ 3,954,922			\$ 3,832,221

##### Liabilities

##### Pension Plan Obligations

##### Local Governmental Employees' Retirement System

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

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a

## TOWN OF STANFIELD, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 2 - Detail Notes on All Funds (Continued)

##### Liabilities (Continued)

##### Pension Plan Obligations (Concluded)

##### Local Governmental Employees' Retirement System (Concluded)

member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Stanfield employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Stanfield's contractually required contribution rate for the year ended June 30, 2019 was 8.50% of compensation for law enforcement officers and 7.75% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Stanfield were \$36,955 for the year ended June 30, 2019.

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

**TOWN OF STANFIELD, NORTH CAROLINA**

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

**Note 2 - Detail Notes on All Funds (Continued)**

**Liabilities (Continued)**

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

At June 30, 2019, the Town reported a liability of \$170,809 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.00720%, which was an increase of 0.00810% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$47,941. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 26,352	\$ 884
Change of assumptions	45,326	-
Net difference between projected and actual earnings on pension plan investments	23,447	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,185	4,175
Town contributions subsequent to the measurement date	36,955	-
Total	<u>\$ 134,265</u>	<u>\$ 5,059</u>

## TOWN OF STANFIELD, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 2 - Detail Notes on All Funds (Continued)

##### Liabilities (Continued)

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

##### **Year ended June 30:**

2019	\$	44,475
2020		28,719
2021		4,896
2022		14,160
2023		-
Thereafter		-
	\$	<u>36,278</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

## TOWN OF STANFIELD, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 2 - Detail Notes on All Funds (Continued)

##### Liabilities (Continued)

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## TOWN OF STANFIELD, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 2 - Detail Notes on All Funds (Continued)

##### Liabilities (Continued)

##### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded)

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 410,297	\$ 170,809	\$ (29,312)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

##### Law Enforcement Officers Special Separation Allowance

##### Plan Description

The Town of Stanfield administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigned the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2017, the Town had no retirees receiving benefits. The Town had five active plan members as of December 31, 2017.

## TOWN OF STANFIELD, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 2 - Detail Notes on All Funds (Continued)

##### Liabilities (Continued)

##### Law Enforcement Officers Special Separation Allowance (Continued)

##### Summary of Significant Accounting Policies

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

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

##### Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	2.50 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

##### Contributions

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

**TOWN OF STANFIELD, NORTH CAROLINA**

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

**Note 2 - Detail Notes on All Funds (Continued)**

**Liabilities (Continued)**

**Law Enforcement Officers Special Separation Allowance (Continued)**

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

At June 30, 2019, the Town reported a total pension liability of \$100,928. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$14,763.

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 37,575	\$ 23,301
Change of assumptions and other inputs	4,915	4,426
Benefit payments and administrative expenses subsequent to the measurement date	-	-
	<b><u>\$ 42,490</u></b>	<b><u>\$ 27,727</u></b>

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2020	\$ 5,461
2021	5,461
2022	5,461
2023	4,201
2024	(5,291)
Thereafter	(530)

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage lower (2.64 percent) or 1-percentage point higher (4.64 percent) than the current rate:

	<b><u>1% Decrease (2.64%)</u></b>	<b><u>Discount Rate (3.64%)</u></b>	<b><u>1% Increase (4.64%)</u></b>
Total Pension Liability	\$ 110,310	\$ 100,928	\$ 92,321



**TOWN OF STANFIELD, NORTH CAROLINA**

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

**Note 2 - Detail Notes on All Funds (Continued)**

**Liabilities (Continued)**

**Law Enforcement Officers Special Separation Allowance (Concluded)**

**Schedule of Changes in Total Pension Liability**

**Law Enforcement Officers' Special Separation Allowance**

	<b>2019</b>
Beginning balance	\$ 123,902
Service cost	5,387
Interest on the total pension liability	3,915
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(27,870)
Changes of assumptions or other inputs	(4,406)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 100,928</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disable and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**TOWN OF STANFIELD, NORTH CAROLINA**

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

**Note 2 - Detail Notes on All Funds (Continued)**

**Liabilities (Continued)**

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

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

	LGERS		LEOSSA		TOTAL
Pension Expense	\$ 47,941	\$	14,763	\$	62,704
Pension Liability	170,809		100,928		271,737
Proportionate share of the net pension liability	0.00720%		N/A		

**Deferred Outflows of Resources:**

Differences between expected and actual experience	26,352		37,575		63,927
Changes of assumptions	45,326		4,915		50,241
Net difference between projected and actual earnings on plan investments	23,447		-		23,447
Changes in proportion and differences between contributions and proportionate share of contributions	2,185		-		2,185
Benefits payments and administrative costs paid subsequent to the measurement date	36,955		-		36,955

**Deferred Inflows of Resources:**

Differences between expected and actual experience	884		23,301		24,185
Changes of assumptions	-		4,426		4,426
Net difference between projected and actual earnings on plan investments	-		-		-
Changes in proportion and differences between contributions and proportionate share of contributions	4,175		-		4,175

**Supplemental Retirement Income Plan for Law Enforcement Officers**

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers and full time administrative staff employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension

## TOWN OF STANFIELD, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 2 - Detail Notes on All Funds (Continued)

##### Liabilities (Continued)

##### Supplemental Retirement Income Plan for Law Enforcement Officers (Concluded)

trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer and full time administrative staff's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

The Town made contributions of \$9,732 for the reporting year. No amounts were forfeited.

##### Other Employment Benefits

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

## TOWN OF STANFIELD, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### Note 2 - Detail Notes on All Funds (Continued)

##### Liabilities (Continued)

##### Deferred Outflows and Inflows of Resources

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

Contributions to pension plan in current fiscal year	\$	36,955
Deferred pension charges		<u>139,800</u>
Total	\$	<u>176,755</u>

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	\$ -	\$ 119,867
Pension deferrals	<u>32,786</u>	<u>-</u>
Total	\$ <u>32,786</u>	<u>119,867</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 \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. 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. 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.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries no flood insurance.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000.

**TOWN OF STANFIELD, NORTH CAROLINA**

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

**Note 2 – Detail Notes on All Funds (Continued)**

**Liabilities (Continued)**

**Claims, Judgments, and Contingent Liabilities**

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

**Long-Term Obligations**

At June 30, 2019, the Town of Stanfield had a legal debt margin of \$10,883,550.

**Changes in Long-Term Liabilities**

<b>Governmental Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Net pension liability (LGERS)	\$ 84,638	\$ 63,541	\$ -	\$ 148,179	\$ -
Total pension liability (LEO)	123,902	-	22,974	100,928	-
Governmental activity long-term liabilities	\$ 208,540	\$ 63,541	\$ 22,974	\$ 249,107	\$ -

<b>Business-Type Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Net pension liability (LGERS)	12,983	9,647	-	22,630	-
Governmental activity long-term liabilities	\$ 12,983	\$ 9,647	\$ -	\$ 22,630	\$ -

**TOWN OF STANFIELD, NORTH CAROLINA**

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

Note 2 – Detail Notes on All Funds (Concluded)

Net Investment in Capital Assets

	Governmental	Business- Type
Capital assets	\$ 781,229	\$ 3,832,221
Less: long-term debt	-	-
Net investment in capital asset	\$ <u>781,229</u>	\$ <u>3,832,221</u>

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	\$ 950,074
Less:	
Prepaid items	-
Stabilization by State Statute	-
Streets - Powell Bill	87,946
Working Capital/Fund Balance Policy	<u>-</u>
Remaining Fund Balance	\$ <u>862,128</u>

Note 3 - Summary Disclosure of Significant Contingencies

State Assisted Program

The Town has received proceeds from State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

**TOWN OF STANFIELD, NORTH CAROLINA**

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

**Note 4 – Significant Effects of Subsequent Events**

The Town has evaluated all subsequent events through October 28, 2019, the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY FINANCIAL DATA**

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

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- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability for Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll



**TOWN OF STANFIELD, NORTH CAROLINA**

**Town of Stanfield's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Five Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Stanfield's proportion of the net pension liability (asset) (%)	0.00720%	0.00639%	0.00677%	0.00625%	0.00604%
Stanfield's proportion of the net pension liability (asset) (\$)	\$ 170,809	\$ 97,621	\$ 143,682	\$ 27,349	\$ (35,621)
Stanfield's covered-employee payroll	\$ 397,290	\$ 359,661	\$ 334,175	\$ 359,530	\$ 342,480
Stanfield's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.99%	27.14%	39.95%	8.18%	(9.91%)
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%

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

**TOWN OF STANFIELD, NORTH CAROLINA**

Town of Stanfield's Contributions  
Required Supplementary Information  
Last Five Fiscal Years

**Local Government Employees' Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 36,955	\$ 33,941	\$ 25,647	\$ 23,628	\$ 23,825
Contributions in relation to the contractually required contribution	<u>36,955</u>	<u>33,941</u>	<u>25,647</u>	<u>23,628</u>	<u>23,825</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Stanfield's covered-employee payroll	\$ 412,327	\$ 397,290	\$ 359,661	\$ 334,175	\$ 359,530
Contributions as a percentage of covered-employee payroll	8.96%	8.54%	7.13%	7.07%	6.63%

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

**TOWN OF STANFIELD, NORTH CAROLINA**

**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability - beginning	\$ 123,902	\$ 52,653	\$ 49,111
Service cost	5,387	4,769	3,212
Interest on the total pension liability	3,915	2,032	1,753
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(27,870)	56,993	-
Changes of assumptions or other inputs	(4,406)	7,455	(1,423)
Benefit payments	-	-	-
Other changes	-	-	-
Total pension liability - ending	\$ <u>100,928</u>	\$ <u>123,902</u>	\$ <u>52,653</u>

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

**TOWN OF STANFIELD, NORTH CAROLINA**

**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2019**

	<u>2019</u>		<u>2018</u>		<u>2017</u>
Total pension liability	\$ 100,928	\$	123,902	\$	52,653
Covered payroll	201,667		227,854		149,580
Total pension liability as a percentage of covered payroll	50.05%		54.38%		35.20%

Notes to the schedules:

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

**TOWN OF STANFIELD, 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	\$	\$ 443,909	\$
Penalties and interest		-	
Total	<u>402,500</u>	<u>443,909</u>	<u>41,409</u>
Unrestricted Intergovernmental:			
Local option sales tax		382,671	
Telecommunications sales tax		20,018	
Utility franchise tax		66,114	
Beer and wine tax		6,918	
Natural gas excise tax		214	
Sales tax refunds		3,224	
Total	<u>409,800</u>	<u>479,159</u>	<u>69,359</u>
Restricted Intergovernmental:			
State street aid - Powell Bill		46,626	
Solid waste disposal tax		1,116	
Total	<u>31,000</u>	<u>47,742</u>	<u>16,742</u>
Permits and Fees:			
Licenses and permits		2,509	
Garbage fees		5,750	
Park income		4,367	
Total	<u>8,600</u>	<u>12,626</u>	<u>4,026</u>
Investment Earnings	<u>1,600</u>	<u>777</u>	<u>(823)</u>
Grants and Contributions	<u>-</u>	<u>520</u>	<u>520</u>
Miscellaneous:			
Other		732	
Total	<u>1,500</u>	<u>732</u>	<u>(768)</u>
<b>Total Revenues</b>	<b>\$ <u>855,000</u></b>	<b>\$ <u>985,465</u></b>	<b>\$ <u>130,465</u></b>

**TOWN OF STANFIELD, 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:			
Administration:			
Salaries and employee benefits	\$	\$ 107,392	\$
Professional services		9,956	
Operating expenditures		51,786	
Total	<u>170,000</u>	<u>169,134</u>	<u>866</u>
Public Safety:			
Police:			
Salaries and employee benefits		259,078	
Operating expenditures		72,533	
Capital outlay		46,154	
Vehicle maintenance		14,081	
Total	<u>396,000</u>	<u>391,846</u>	<u>4,154</u>
Cultural and recreational:			
Recreation and parks:			
Salaries and employee benefits		54,771	
Park construction and maintenance		21,018	
Capital outlay		123,161	
Equipment purchase and lease		1,632	
Other operating expenditures		21,476	
Total	<u>223,500</u>	<u>222,058</u>	<u>1,442</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits		35,001	
Street repairs and maintenance		23,320	
Other operating expenditures		34,881	
Total	<u>94,500</u>	<u>93,202</u>	<u>1,298</u>
Environmental Protection:			
Solid waste:			
Other operating expenditures		100,436	
Total	<u>101,000</u>	<u>100,436</u>	<u>564</u>
<b>Total Expenditures</b>	<b>\$ 985,000</b>	<b>\$ 976,676</b>	<b>\$ 8,324</b>

**TOWN OF STANFIELD, 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 Over (Under) Expenditures</b>	\$ <u>(130,000)</u>	\$ <u>8,789</u>	\$ <u>138,789</u>
<b>Other Financing Sources (Uses):</b>			
Transfers to Other Funds:			
Enterprise Funds	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance Appropriated</b>	<u>130,000</u>	<u>-</u>	<u>(130,000)</u>
<b>Net Change in Fund Balance</b>	\$ <u><u>-</u></u>	8,789	\$ <u><u>8,789</u></u>
<b>Fund Balances, Beginning</b>		<u>941,285</u>	
<b>Fund Balances, Ending</b>		\$ <u><u>950,074</u></u>	

**TOWN OF STANFIELD, NORTH CAROLINA**

**WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating Revenues:			
Water Sales:			
Residential	\$	\$ 145,132	\$
Sewer Charges:			
Residential		242,239	
Water and sewer taps		30,338	
Other operating revenues		28,883	
Total Operating Revenues	<u>353,500</u>	<u>446,592</u>	<u>93,092</u>
Nonoperating Revenues:			
Interest earnings	<u>-</u>	<u>1,242</u>	<u>1,242</u>
<b>Total Revenues</b>	<u>353,500</u>	<u>447,834</u>	<u>94,334</u>
 <b>Expenditures:</b>			
Water and sewer administration:			
Salaries and employee benefits		71,901	
Vehicle maintenance and repairs		3,900	
Other operating expenditures		39,334	
Total water and sewer administration	<u>116,000</u>	<u>115,135</u>	<u>865</u>
Water distribution:			
Water purchases		46,739	
Maintenance and repairs		3,164	
Other operating expenditures		14,112	
Total water distribution	<u>67,500</u>	<u>64,015</u>	<u>3,485</u>
Waste collection and treatment:			
Maintenance and repairs		44,125	
Treatment		97,735	
Other operating expenditures		22,530	
Total waste collection and treatment	<u>170,000</u>	<u>164,390</u>	<u>5,610</u>
Debt service:			
Principal retirement		-	
Interest and other charges		-	
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**TOWN OF STANFIELD, NORTH CAROLINA**

**WATER AND SEWER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures (concluded):</b>			
Capital Outlay:			
Water extensions	\$	\$ -	\$
Sewer equipment		-	
Total Capital Outlay	-	-	-
<b>Total Expenditures</b>	<u>353,500</u>	<u>343,540</u>	<u>9,960</u>
<b>Revenues Under Expenditures</b>	-	104,294	104,294
<b>Other Financing Sources (Uses):</b>			
Transfers (to)/from Other Funds:			
From General Fund	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-
<b>Fund Balance Appropriated</b>	-	-	-
<b>Revenues and Other Sources Over Expenditures and Other Uses</b>	\$ <u>-</u>	104,294	\$ <u>104,294</u>

**Reconciliation From Budgetary Basis  
(Modified Accrual) to Full Accrual:**

**Reconciling Items:**

Capital outlay	6,705
Increase in deferred outflows of resources - pensions	1,615
Increase in net pension liability	(9,647)
Decrease in deferred inflows of resources - pensions	232
Depreciation	<u>(129,405)</u>
Total Reconciling Items	<u>(130,500)</u>
<b>Change in Net Position</b>	\$ <u>(26,206)</u>

**TOWN OF STANFIELD, NORTH CAROLINA****SCHEDULE OF AD VALOREM TAXES RECEIVABLE**

June 30, 2019

<u>Fiscal Year</u>	Uncollected Balance <u>June 30, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	Uncollected Balance <u>June 30, 2019</u>
2018-2019	\$ -	\$ 435,342	\$ 427,912	\$ 7,430
2017-2018	12,339	-	8,759	3,580
2016-2017	6,165	-	4,224	1,941
2015-2016	2,689	-	599	2,090
2014-2015	2,111	-	890	1,221
2013-2014	1,705	-	613	1,092
2012-2013	1,657	-	571	1,086
2011-2012	1,402	-	324	1,078
2010-2011	581	-	69	512
2009-2010	560	-	3	557
2008-2009	167	-	9	158
	\$ <u>29,376</u>	\$ <u>435,342</u>	\$ <u>443,973</u>	<u>20,745</u>

Ad Valorem Taxes Receivable - Net	\$ <u>20,745</u>
Reconciliation with Revenues:	
Taxes - Ad Valorem	\$ 443,909
Interest collected	(4,593)
Discounts and abatements allowed	<u>4,657</u>
Total Collections and Credits	\$ <u>443,973</u>

**TOWN OF STANFIELD, 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	\$ 118,669,375	\$ 0.32	\$ 379,742	\$ 379,742	\$ -
Registered motor vehicles taxed at prior year's rate	18,139,688	0.32	58,047	-	58,047
Penalties	-		-	-	-
<b>Total Original Levy</b>	<u>136,809,063</u>		<u>437,789</u>	<u>379,742</u>	<u>58,047</u>
<b>Discoveries:</b>					
Current year taxes	<u>468,750</u>	0.32	<u>1,500</u>	<u>1,500</u>	<u>-</u>
<b>Total Discoveries</b>	<u>468,750</u>		<u>1,500</u>	<u>1,500</u>	<u>-</u>
Abatements	<u>(1,233,438)</u>	\$ 0.32	<u>(3,947)</u>	<u>(3,947)</u>	<u>-</u>
<b>Total Property Valuation</b>	<u>\$ 136,044,375</u>				
Net levy			435,342	377,295	58,047
Uncollected taxes at June 30, 2019			<u>(7,430)</u>	<u>(7,430)</u>	<u>-</u>
Current year's taxes collected			\$ <u>427,912</u>	\$ <u>369,865</u>	\$ <u>58,047</u>
Current levy collection percentage			<u>98.29%</u>	<u>98.03%</u>	<u>100.00%</u>