

FINANCIAL STATEMENTS  
TOWN OF CASTALIA  
CASTALIA, NORTH CAROLINA  
FOR THE YEAR ENDED  
JUNE 30, 2020

TOWN OF CASTALIA  
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JUNE 30, 2020

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## FINANCIAL SECTION



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**Independent Auditors' Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Castalia, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Castalia'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.

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Castalia, North Carolina as of June 30, 2020, and the respective changes in financial position, 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, pages 7 through 14 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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

The budgetary schedule 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 our opinion, the budgetary schedule and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Petway Mills & Pearson, PA*

PETWAY MILLS & PEARSON, PA  
Certified Public Accountants  
Zebulon, North Carolina

August 27, 2021

## MANAGEMENT'S DISCUSSION AND ANALYSIS

## **Town of Castalia**

As management of the Town of Castalia, North Carolina (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### **Financial Highlights**

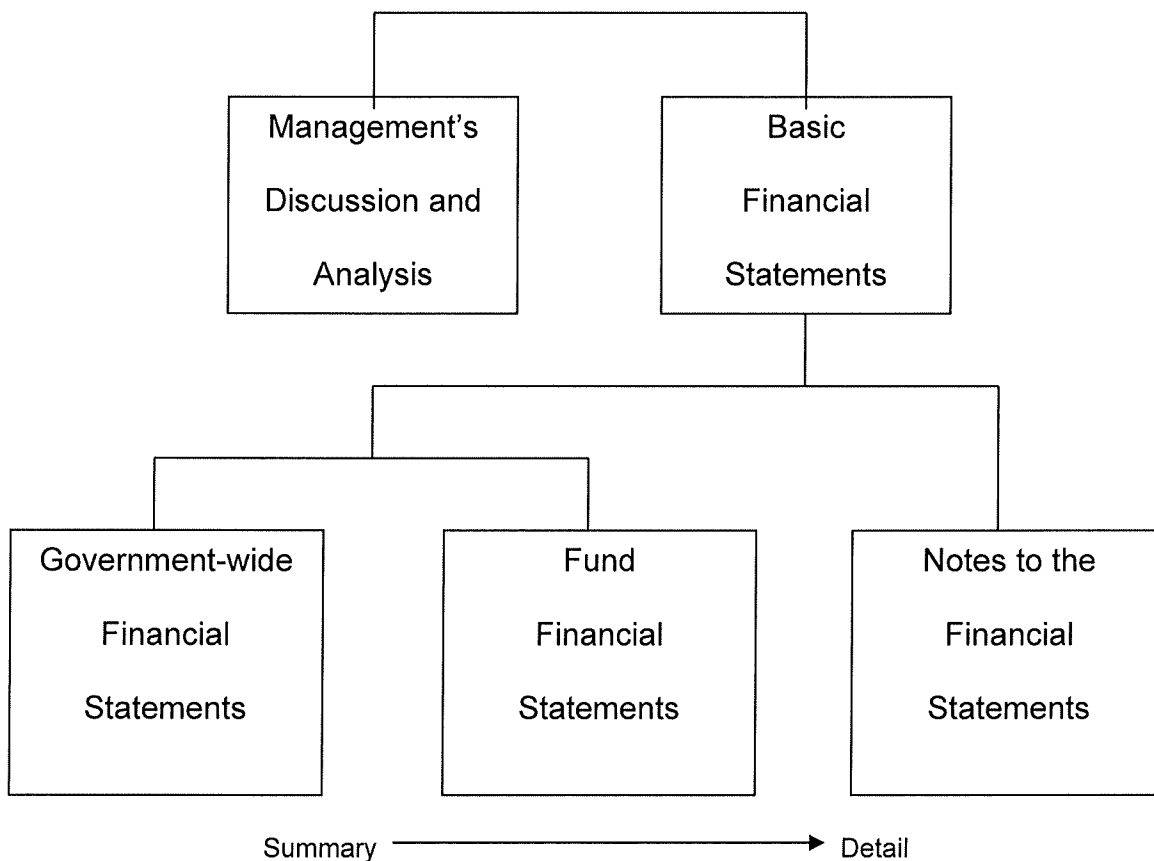
- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$865,408 (*net position*).
- The Town's total net position decreased by \$29,375 primarily due to decreases in miscellaneous revenues during the year.
- As of the close of the current fiscal year, the Town's general fund reported an ending fund balance of \$240,402, a decrease of \$17,499 in comparison with the prior year. Approximately 94% of this total amount, or \$227,911, is available for spending at the Town's discretion (unassigned fund balance).

## Overview of the Financial Statements

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

### 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 6) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

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

## 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 total liabilities. 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 general government administrative, cultural and recreation, transportation, environmental protection, and interest on long term debt. 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. The government-wide financial statements are 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, 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 the Town can be classified under one category: governmental funds.

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

The Town adopts an annual budget for its General Fund, as required by the North Carolina 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

**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 immediately follow Exhibit 6 of this report.

## Government-Wide Financial Analysis

### Town of Castalia's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	Total
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 250,890	\$ 267,948	\$ -	\$ -	\$ 250,890	\$ 267,948
Capital assets	618,814	629,659	-	-	618,814	629,659
Total assets	869,704	897,607	-	-	869,704	897,607
Current liabilities	3,396	2,824	-	-	3,396	2,824
Long-term liabilities	900	-	-	-	900	-
Total liabilities	4,296	2,824	-	-	4,296	2,824
Net position:						
Net investment in capital assets	618,814	629,659	-	-	618,814	629,659
Restricted	12,491	29,330	-	-	12,491	29,330
Unrestricted	234,103	235,794	-	-	234,103	235,794
Total net position	\$ 865,408	\$ 894,783	\$ -	\$ -	\$ 865,408	\$ 894,783

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town exceeded liabilities by \$865,408 as of June 30, 2020. The Town's net position decreased by \$29,375 for the fiscal year ended June 30, 2020. However, the largest portion (72%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in 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's net position, \$12,491, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$234,103 is unrestricted.

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

- Funds being restricted for street improvements.
- Continued diligence in the spending of the Town's resources in an effort to achieve the most efficient means of operation.

**Town of Castalia's Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-type Activities		Total	Total
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 33,442	\$ 40,602	\$ -	\$ -	33,442	40,602
Operating grants and contributions	8,209	8,262	-	-	8,209	8,262
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	28,691	26,579	-	-	28,691	26,579
Grants and contributions not restricted to specific programs	86,364	84,744	-	-	86,364	84,744
Other	90	25,594	-	-	90	25,594
Total revenues	<u>156,796</u>	<u>185,781</u>	<u>-</u>	<u>-</u>	<u>156,796</u>	<u>185,781</u>
Expenses:						
General government	117,701	93,268	-	-	117,701	93,268
Transportation	10,451	3,878	-	-	10,451	3,878
Environmental protection	28,252	28,243	-	-	28,252	28,243
Culture and recreation	29,767	16,933	-	-	29,767	16,933
Interest on long-term debt	-	725	-	-	-	725
Total expenses	<u>186,171</u>	<u>143,047</u>	<u>-</u>	<u>-</u>	<u>186,171</u>	<u>143,047</u>
Increase/(Decrease) in net assets before transfers	(29,375)	42,734	-	-	(29,375)	42,734
Transfers	-	-	-	-	-	-
Net position, July 1	<u>894,783</u>	<u>852,049</u>	<u>-</u>	<u>-</u>	<u>894,783</u>	<u>852,049</u>
Net position, June 30	<u>\$ 865,408</u>	<u>\$ 894,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 865,408</u>	<u>\$ 894,783</u>

**Governmental activities.** Governmental activities decreased the Town's net position by \$29,375 while the prior year had an increase of \$42,734. The key elements of this increase are as follows:

- Decrease in other revenues of \$25,504.
- Decrease in charges for services of \$7,160
- Increase in general government expenditures of \$24,433
- Increase in transportation expenditures of \$6,573
- Increase in cultural and recreational expenditures of \$12,834

**Business-type activities.** Business-type activities had no effect on the Town's net position.

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

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

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

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, Town's fund balance available in the General Fund was \$227,911, while total fund balance reached \$240,402. The Town currently has an available fund balance of 131% of general fund expenditures, while total fund balance represents 138% of the same amount.

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

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

**Capital assets.** The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$618,814 (net of accumulated depreciation and related debt). These assets include buildings, land, improvements, and machinery and equipment.

## Town of Castalia's Capital Assets

(Net of depreciation)

**Figure 4**

	Governmental Activities		Business-type Activities		Total	Total
	2020	2019	2020	2019	2020	2019
Land	\$ 396,060	\$ 396,060	\$ -	\$ -	\$ 396,060	\$ 396,060
CIP	-	-	-	-	-	-
Buildings and system	50,330	52,062	-	-	50,330	52,062
Improvements other than buildings	157,154	164,011	-	-	157,154	164,011
Equipment	15,270	17,526	-	-	15,270	17,526
Total	<u>\$ 618,814</u>	<u>\$ 629,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 618,814</u>	<u>\$ 629,659</u>

Additional information on the Town's capital assets can be found in Note III.A.3 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2020, the Town had no long-term debt.

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

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

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

**Governmental Activities:** Property taxes and revenues from permits and fees are not expected to increase budgeted revenue. Programs will continue to finance at 2020 levels in 2021.

Budgeted expenditures in the General Fund are not expected to increase in 2021.

### **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 Mayor, Town of Castalia Post Office Box 237, Castalia, North Carolina 27816.

Town of Castalia, North Carolina  
Statement of Net Position  
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 231,306	\$ -	\$ 231,306
Restricted Cash	11,781	-	11,781
Taxes receivable	7,092	-	7,092
Due from other governments	711	-	711
Total current assets	250,890	-	250,890
Capital assets:			
Land and other non-depreciable assets	396,060	-	396,060
Other capital assets, net of depreciation	222,754	-	222,754
Total capital assets	618,814	-	618,814
Total assets	869,704	-	869,704
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable - trade	2,689	-	2,689
Payroll Liabilities	707	-	707
Long-term liabilities:			
Due within one year	600	-	600
Due in more than one year	300	-	300
Total liabilities	4,296	-	4,296
<b>NET POSITION</b>			
Net investment in capital assets	618,814	-	618,814
Restricted for:			
Stabilization by State Statute	710	-	710
Powell Bill	11,781	-	11,781
Unrestricted	234,103	-	234,103
Total net position	\$ 865,408	\$ -	\$ 865,408

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

Town of Castalia, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
Governing body	\$ 4,500	\$ -	\$ -	\$ -	\$ (4,500)	\$ -	\$ (4,500)
Administrative	111,867	-	-	-	(111,867)	-	(111,867)
Elections	1,334	-	-	-	(1,334)	-	(1,334)
Cultural and recreation	29,767	1,298	-	-	(28,469)	-	(28,469)
Transportation	10,451	-	8,209	-	(2,242)	-	(2,242)
Environmental protection	28,252	32,144	-	-	3,892	-	3,892
Interest on long-term debt	-	-	-	-	-	-	-
Total Governmental Activities	186,171	33,442	8,209	-	(144,520)	-	(144,520)
Business-type Activities:							
Water fund	-	-	-	-	-	-	-
Total Business-type	-	-	-	-	-	-	-
Total Primary Government	\$ 186,171	\$ 33,442	\$ 8,209	\$ -	(144,520)	-	(144,520)
General Revenues:							
Ad valorem taxes					28,691	-	28,691
Other taxes and licenses					6,190	-	6,190
Unrestricted intergovernmental					74,568	-	74,568
Unrestricted investment earnings					1,709	-	1,709
Permits and fees					115	-	115
Donation					3,782	-	3,782
Miscellaneous					90	-	90
Transfers					-	-	-
Total General Revenues, Special Items, and Transfers					115,145	-	115,145
Change in net position					(29,375)	-	(29,375)
Net position, beginning					894,783	-	894,783
Net position, ending					\$ 865,408	\$ -	\$ 865,408

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

**Town of Castalia, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	<u>Major Fund</u> <u>General Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 231,306
Restricted Cash	11,781
Taxes receivable	7,092
Due from other governments	711
Total assets	<u>250,890</u>
<b>LIABILITIES</b>	
Liabilities:	
Accounts payable - trade	2,689
Payroll liabilities	707
Total liabilities	<u>3,396</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property taxes receivable	<u>7,092</u>
<b>FUND BALANCES</b>	
Fund balances:	
Restricted:	
Stabilization by State Statute	710
Powell Bill	11,781
Unassigned	227,911
Total Fund Balances	<u>240,402</u>
Total Liabilities and fund balances	<u>\$ 250,890</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	\$ 618,814
Liabilities for earned but deferred revenues in fund statement	7,092
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds	(900)
Net position of governmental activities	<u>\$ 865,408</u>

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

Exhibit 4

**Town of Castalia, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	<b>Major Fund</b>	<b>Total Governmental Fund</b>
	<b>General Fund</b>	
<b>REVENUES</b>		
Ad valorem taxes	\$ 28,823	\$ 28,823
Other taxes and licenses	6,190	6,190
Unrestricted intergovernmental	74,568	74,568
Restricted intergovernmental	8,209	8,209
Sales and services	32,144	32,144
Permits and fees	115	115
Investment earnings	1,709	1,709
Cultural and recreational	1,298	1,298
Donation	3,782	3,782
Miscellaneous	90	90
Total revenues	<u>156,928</u>	<u>156,928</u>
<b>EXPENDITURES</b>		
General government	4,500	4,500
Administrative	102,834	102,834
Elections	1,334	1,334
Transportation	10,451	10,451
Environmental protection	28,252	28,252
Cultural and recreation	27,056	27,056
Total expenditures	<u>174,427</u>	<u>174,427</u>
Excess (deficiency) of revenues over expenditures	<u>(17,499)</u>	<u>(17,499)</u>
Net change in fund balance	(17,499)	(17,499)
Fund balances, beginning	257,901	257,901
Fund balances, ending	<u>\$ 240,402</u>	<u>\$ 240,402</u>

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

**Town of Castalia, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

Amounts reported for governmental activities in the Statement of Activities are

Net change in fund balances - governmental funds	\$ (17,499)
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Governmental funds report capital outlay 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 exceeds depreciation in the current period.	(10,846)
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Revenues in the Statement of Activities that do not provide current financial resource are not reported as revenues in the funds.

Change in deferred revenues	(131)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(900)
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Rounding	1
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Total change in net position of governmental activities	<u>\$ (29,375)</u>
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The notes to the financial statements are an integral part of this statement.

**Town of Castalia, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2020**

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 28,000	\$ 28,000	\$ 28,823	\$ 823
Other taxes and licenses	4,000	4,000	6,190	2,190
Unrestricted intergovernmental	68,250	68,250	74,568	6,318
Restricted intergovernmental	8,200	8,200	8,209	9
Permits and fees	-	-	115	115
Sales and services	29,500	29,500	32,144	2,644
Investment earnings	-	-	1,709	1,709
Cultural and recreation	7,775	1,575	1,298	(277)
Donation	-	6,200	3,782	(2,418)
Miscellaneous	-	-	90	90
Total revenues	145,725	145,725	156,928	11,203
<b>Expenditures:</b>				
General government	5,950	4,500	4,500	-
Administrative	96,801	119,585	102,834	16,751
Elections	2,000	2,000	1,334	666
Transportation	5,750	12,450	10,451	1,999
Environmental protection	26,640	28,340	28,252	88
Cultural and recreation	21,500	29,530	27,056	2,474
Capital outlay	4,445	7,538	-	7,538
Total expenditures	163,086	203,943	174,427	29,516
Revenues over (under) expenditures	(17,361)	(58,218)	(17,499)	40,719
Other financing sources (uses):				
Appropriated fund balances	17,361	58,218	-	(58,218)
Total other financing sources (uses)	17,361	58,218	-	(58,218)
Revenues and other financing sources (uses) over (under) expenditures	\$ -	\$ -	(17,499)	\$ (17,499)
Fund balances, beginning			257,901	
Fund balances, ending			<u>\$ 240,402</u>	

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

**Town of Castalia, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**I. Summary of Significant Accounting Policies**

The Town of Castalia (the Town) is located in the Coastal Plain section of North Carolina and has a population of approximately 255. The Town does not maintain a police department or a fire department.

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

**A. Reporting Entity**

The Town is a municipal corporation, governed by an elected mayor and a five-member council.

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. There are no non-major funds for the Town.

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

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, State grants, and various other taxes and licenses. The primary expenditures are for general government, transportation, environmental protection, and cultural and recreation.

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

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

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The

**Town of Castalia, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including assessments. 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 charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers for sales and services. 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem tax receivables are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**Town of Castalia, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise 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 object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**E. Assets, Liabilities, Deferred Outflows/Inflows and Fund Equity**

**1. Deposits and Investments**

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

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

**2. Cash and Cash Equivalents**

All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

**3. Restricted Assets**

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136- 41.4. Restricted cash consists of \$11,781 restricted for Powell Bill expenditures.

**4. Ad Valorem Taxes Receivable**

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

**5. Allowances for Doubtful Accounts**

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

**6. Inventory**

Inventories are not maintained for any fund supplies. In the opinion of management, they are not material to the financial statements taken as a whole.

**Town of Castalia, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**7. 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 cost is \$2,500. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General Fund infrastructure assets consisting of road networks acquired prior to July 1, 2003 have not been recorded as permitted by GASB Statement 34. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Infrastructure	50
Improvements	25
Equipment and Furniture	10
Vehicles	6
Computer Equipment	5

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has no items meeting this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only one item that meets this criterion for this category – property taxes receivable.

**9. Compensated Absences**

Annual leave may accumulate without any applicable maximum until the anniversary date of the employee. After the anniversary date, only one week of vacation pay may be carried to the next anniversary date. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an accumulation of earned sick leave up to twelve days. Sick leave does not vest. Since the Town does not have any obligation for the accumulated sick leave until it actually taken; no accrual for sick leave has been made.

**10. Net Position/Fund Balances**

**Net Position**

Net position in government-wide and proprietary fund financial statements is 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.

**Town of Castalia, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**Fund Balances**

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State Law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year. The governmental fund types classify fund balances as follows:

**Restricted:**

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

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

**Assigned:**

Assigned for subsequent year's expenditures – portion of the total fund balance available for appropriation that has been designated for the adopted 2020 – 2021 budget ordinance.

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

**II. Stewardship, Compliance, and Accountability**

**A. Material Violations of Finance-Related Legal and Contractual Provisions**

**Noncompliance with North Carolina General Statutes**

For the fiscal year ended June 30, 2020, the Town failed to submit financial statements by the required due date.

**Town of Castalia, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**III. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in 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 amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits.

At June 30, 2020, the Town's deposits had a carrying amount of \$243,086 and a bank balance of \$243,086. Of the bank balances, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

**2. Capital Assets**

Capital asset activity for the Town for the year ended June 30, 2020, were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 396,060	\$ -	\$ -	\$ 396,060
Total capital assets not being depreciated	396,060	-	-	396,060
Capital assets being depreciated:				
Buildings	98,559	-	-	98,559
Equipment	81,306	-	-	81,306
Park Assets	14,499	-	-	14,499
Improvements	171,418	-	-	171,418
Total capital assets being depreciated	365,782	-	-	365,782
Less accumulated depreciation for:				
Buildings	46,497	1,732	-	48,229
Equipment	75,117	807	-	75,924
Park assets	3,161	1,450	-	4,611
Improvements	7,407	6,857	-	14,264
Total accumulated depreciation	132,182	\$ 10,846	\$ -	143,028
Total capital assets being depreciated, net	233,600			222,754
Governmental activities capital assets, net	<u>\$ 629,660</u>			<u>\$ 618,814</u>

Depreciation was allocated as \$8,135 to administration and \$2,711 to cultural and recreation.

**Town of Castalia, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**B. Liabilities**

**1. Pension Plan Obligations**

**a. Retirement Plan**

Plan Description – The Town of Castalia offers a 457(b) supplemental retirement plan. Plan members could contribute up to \$19,500 of their annual salary and the Town would match up to 5% of their annual salary. The Town contributed \$1,159 to the plan during the year, with an additional \$1,159 contributed by employees.

**2. Deferred Outflows/Inflows of Resources**

The balance of deferred inflows of resources at year-end is composed the following element:

Property Taxes (General Fund)	\$ <u>7,092</u>
-------------------------------	-----------------

**3. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance to cover these risks of loss. Through commercial insurance, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to the statutory limits, and employee health coverage up to a \$2 million lifetime limit.

There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does not carry flood insurance as it is not identified as being located in a flood plain.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Town's finance officer (the mayor) is individually bonded for \$100,000, and the Town Clerk is bonded for \$20,000.

**4. Claims, Judgments and Contingent Liabilities**

There were no claims or judgments against the Town at June 30, 2020.

**5. Long-Term Obligations**

**a. Changes in Long-Term Obligations**

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion
Governmental activities:					
Compensated absences	\$ -	\$ 900	\$ -	\$ 900	\$ 600
Governmental activity long-term liabilities	\$ -	\$ 900	\$ -	\$ 900	\$ 600

**Town of Castalia, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**C. Fund Balance**

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

Total Fund Balance - General Fund	\$ 240,402
Less:	
Stabilization by State Statute	(710)
Streets - Powell Bill	(11,781)
Working Capital/Fund Balance Policy	(20,394)
Remaining Fund Balance	<u>\$ 207,517</u>

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

**IV. Summary Disclosure of Significant Contingencies**

**Federal and State Assisted Programs**

The Town has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of 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.

**V. COVID-19 Contingencies**

During the year ended June 30, 2020, the COVID-19 outbreak in the United States caused business disruption through mandated and voluntary closings. The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments and cannot be reasonably predicted and estimated at this time. The COVID-19 outbreak is ongoing as of June 30, 2020, and additional impact on operational and financial performance may occur.

**VI. Subsequent Events – Date of Management’s Review**

The Town has evaluated subsequent events from the date of the balance sheet through the date the report is available to be issued which is the date of the independent auditors’ report. The Town has not evaluated subsequent events after that date. There were no subsequent events during this period that require disclosure.

**VII. Commitments**

The Town contracted with an accountant for the provision of consulting services from March 13, 2019 to October 31, 2019. Obligations are based on agreed-upon rates applied to the number of hours worked. The Town paid \$13,902 for services rendered during the year ended June 30, 2020.

The Town has contracted with A Plus Disposal for the provision of solid waste collection services from July 1, 2017 to July 3, 2020. The Town is obligated to pay \$6,660 quarterly under the terms of the contract. The Town paid \$26,640 for services rendered during the year ended June 30, 2020.

The Town contracted with S&W Productions for the provision of fireworks display services on July 4, 2019. The Town paid \$5,000 for services rendered during the year ended June 30, 2020.

**Town of Castalia, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

The Town contracted with ACH Services for the provision of payroll services from February 5, 2020 to February 5, 2021. The Town paid \$1,400 for services rendered during the year ended June 30, 2020.

**VIII. Estimates**

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

**IX. Powell Bill Expenditures**

Per Powell Bill Expenditure Report:	<u>\$ 6,000</u>
Per Statements (pg. 32):	<u>\$ 6,000</u>

## REQUIRED SUPPLEMENTARY INFORMATION

**Town of Castalia, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**

Exhibit A-1

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Ad Valorem Taxes:			
Current year	\$ 26,661	\$ 27,445	\$ 784
Prior years	858	883	25
Penalties and interest	481	495	14
Total Ad Valorem Taxes	<u>28,000</u>	<u>28,823</u>	<u>823</u>
Other Taxes and Licenses:			
Motor Vehicle Tax	4,000	6,190	2,190
Total Other Taxes and Licenses	<u>4,000</u>	<u>6,190</u>	<u>2,190</u>
Unrestricted Intergovernmental:			
Beer and wine tax	1,100	1,105	5
Local option sales tax	58,000	62,210	4,210
Franchise tax	9,000	11,058	2,058
Solid waste tax	150	195	45
Total Unrestricted Intergovernmental	<u>68,250</u>	<u>74,568</u>	<u>6,318</u>
Restricted Intergovernmental:			
Powell Bill allocation	8,200	8,209	9
Grant	-	-	-
Total Restricted Intergovernmental	<u>8,200</u>	<u>8,209</u>	<u>9</u>
Sales, Services and Fees:			
Garbage collection fee	29,500	32,144	2,644
Total Sales, Services and Fees	<u>29,500</u>	<u>32,144</u>	<u>2,644</u>
Permits and Fees:			
Zoning permits	-	115	115
Total Permits and Fees	<u>-</u>	<u>115</u>	<u>115</u>
Investment Earnings	-	1,709	1,709
Total Investment Earnings	<u>-</u>	<u>1,709</u>	<u>1,709</u>
Miscellaneous	-	90	90
Donation	6,200	3,782	(2,418)
Cultural and recreation	1,575	1,298	(277)
Total Miscellaneous	<u>7,775</u>	<u>5,170</u>	<u>(2,605)</u>
Total Revenues	<u>145,725</u>	<u>156,928</u>	<u>11,203</u>
<b>Expenditures:</b>			
General Government:			
Governing Body:			
Other operating expenses	4,500	4,500	-
Total Governing Body	<u>4,500</u>	<u>4,500</u>	<u>-</u>

**Town of Castalia, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2020**

**Exhibit A-1**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Administration:			
Salaries and employee benefits	53,465	40,104	13,361
Operating expenses	66,120	62,730	3,390
Capital outlay	7,538	-	7,538
Total Administration	<u>127,123</u>	<u>102,834</u>	<u>24,289</u>
Elections:			
Contracted services	<u>2,000</u>	<u>1,334</u>	<u>666</u>
Total General Government	<u>133,623</u>	<u>108,668</u>	<u>24,289</u>
Cultural and recreation			
Operating expenses	<u>29,530</u>	<u>27,056</u>	<u>2,474</u>
Total Cultural and recreation	<u>29,530</u>	<u>27,056</u>	<u>2,474</u>
Transportation:			
Streets and Highways:			
Operating expenses	6,450	4,451	1,999
Powell Bill expenditures	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total Transportation	<u>12,450</u>	<u>10,451</u>	<u>1,999</u>
Environmental Protection:			
Sanitation and Landfill:			
Operating expenses	<u>28,340</u>	<u>28,252</u>	<u>88</u>
Total Environmental Protection	<u>28,340</u>	<u>28,252</u>	<u>88</u>
Total Expenditures	<u>203,943</u>	<u>174,427</u>	<u>29,516</u>
Revenues Over (Under) Expenditures	<u>(58,218)</u>	<u>(17,499)</u>	<u>40,719</u>
Other Financing Sources (Uses):			
Proceeds on sale of land	-	-	-
Appropriated fund balance	<u>58,218</u>	<u>-</u>	<u>(58,218)</u>
Total Other Financing Sources (Uses)	<u>58,218</u>	<u>-</u>	<u>(58,218)</u>
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	<u>\$ -</u>	<u>(17,499)</u>	<u>\$ (17,499)</u>
Fund balances, beginning		257,901	
Fund balances, ending		<u>\$ 240,402</u>	

## OTHER INFORMATION

**Town of Castalia, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2020**

**Exhibit B-1**

<u>Year of Levy</u>	<u>Uncollected Balance July 1, 2019</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2020	\$ -	\$ 28,655	\$ 27,445	\$ 1,210
2019	1,654	-	273	1,381
2018	1,253	-	426	827
2017	563	-	17	546
2016	433	-	-	433
2015	498	-	-	498
2014	597	-	7	590
2013	503	-	-	503
2012	459	-	18	441
2011	805	-	142	663
Total	<u>\$ 6,765</u>	<u>\$ 28,655</u>	<u>\$ 28,328</u>	<u>\$ 7,092</u>

Reconcilement with Revenues:

Taxes - Ad Valorem (including penalties and interest)	\$ 28,822
Reconciling items	
Interest collected	(494)
Total collections and credits	<u>\$ 28,328</u>

**Town of Castalia, North Carolina**  
**Analysis of Current Tax Levy**  
**- Town Wide Levy**  
**For the Fiscal Year Ended June 30, 2020**

**Exhibit B-2**

	Total Property Valuation	Rate	Total	Property excluding Registered Vehicles	Registered Motor Vehicles
Original levy:					
Real and					
personal property	\$ 8,960,747	0.32%	\$ 28,674	\$ 28,674	\$ -
Motor vehicles	1,986,373	0.32%	6,356	-	6,356
Releases	(5,313)	0.32%	(17)	(17)	-
Write-offs	(625)	0.32%	(2)	(2)	-
Total Property Valuation	<u>\$ 10,941,182</u>				
Net Levy			35,011	28,655	6,356
Less uncollected taxes at June 30, 2020			(1,210)	(1,210)	-
Current year's taxes collected			<u>\$ 33,801</u>	<u>\$ 27,445</u>	<u>\$ 6,356</u>
Current levy collection percentage			<u>96.54%</u>	<u>95.78%</u>	<u>100.00%</u>