

REVIEWED

By SLGFD at 10:20 am, Jan 31, 2022

TOWN OF RAYNHAM, NORTH CAROLINA

Financial Statements

For the Year Ended June 30, 2021

TOWN OF RAYNHAM, NORTH CAROLINA

Financial Statements

For the Year Ended June 30, 2021

Board of Town Commissioners

Debra Arnette, Mayor

Willie Harris

Ralphine Hunt

Martha Ann Watts

* * * *

Lisa Young, Town Clerk/Finance Officer

Town of Raynham, North Carolina
Table of Contents
June 30, 2021

	Page
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	8
Statement of Activities	9
Fund Financial Statements	
Balance Sheet – Governmental Funds	10
Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds	11
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	12
Notes to Financial Statements	14
Other Schedules	
Schedule of Ad Valorem Taxes Receivable	20
Analysis of Current Tax Levy.....	21

FINANCIAL SECTION

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Town of Raynham, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Town of Raynham, North Carolina, as of June 30, 2021, and the respective changes in financial position, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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



Lumberton, North Carolina
January 14, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Raynham, North Carolina
Management's Discussion and Analysis
June 30, 2021

Management's Discussion and Analysis

As management of the Town of Raynham, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Raynham for the fiscal year ending June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

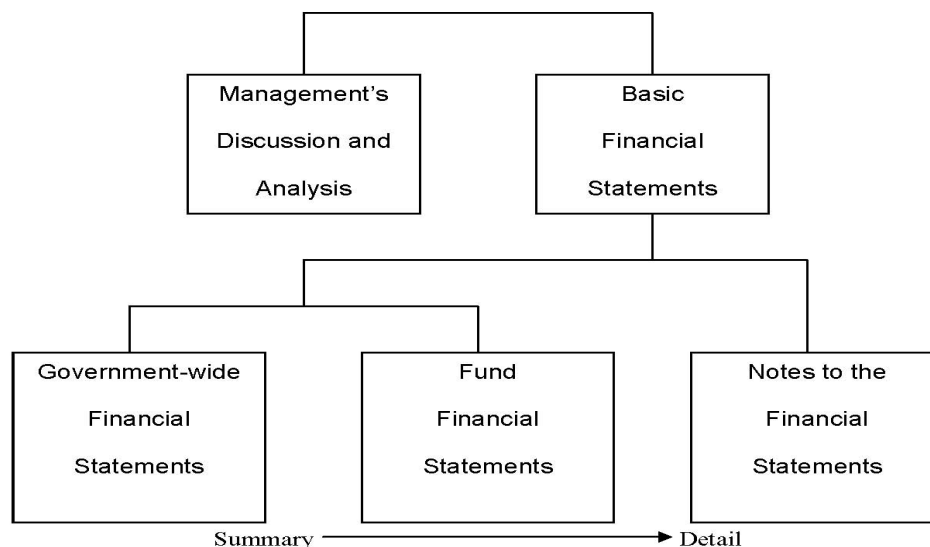
- The assets of the Town of Raynham exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$81,928 (net position).
- The government's total net position increased by \$10,966 due to an increase of sales tax and property tax revenue and expenditure control during the year.
- As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$72,898, with a net change of \$11,763 in fund balance. Approximately 1.43% of this total amount, or \$1,040, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$71,858 or 272.05% of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Town of Raynham, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Basic Financial Statements

The first two statements (Pages 8 and 9) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status as a whole.

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

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include the Town's basic services, such as general administration. Property taxes and state and federal grants funds finance most of these activities. The Town has no business-type activities or component units.

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

Fund Financial Statements

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

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the governmental-wide financial statements. All of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies that are unexpended at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps determine if there are more or less financial resources available to finance the Town's programs.

The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

Town of Raynham, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

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

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

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

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

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

Government-wide Financial Analysis

Town of Raynham's Net Position

	Governmental Activities	
	2021	2020
Current and other assets	\$ 74,079	\$ 62,719
Capital assets	7,849	8,243
Deferred outflows of resources	-	-
Total assets and deferred outflows of resources	<u>81,928</u>	<u>70,962</u>
Other liabilities	-	-
Deferred inflows of resources	-	-
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>
Net position:		
Net investment in capital assets	7,849	8,243
Restricted	1,040	2,065
Unrestricted	<u>73,039</u>	<u>60,654</u>
Total net position	<u>\$ 81,928</u>	<u>\$ 70,962</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The assets of the Town exceeded liabilities and deferred inflows by \$81,928 as of June 30, 2021. The Town's net position increased by \$10,966 for the fiscal year ended June 30, 2021. The amount of net position representing investment in capital assets (e.g. buildings and land) is \$7,849. A portion of the Town's net position, \$1,040 (1.27%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$73,039 is unrestricted.

Aspects of the Town's financial operations which positively influenced the total unrestricted governmental net position were the continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.96%.

Town of Raynham, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Town of Raynham's Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 4,985	\$ 2,726
General revenues:		
Property taxes	1,546	2,397
Grants and contributions not restricted to specific programs	<u>31,243</u>	<u>28,238</u>
Total revenues	<u>37,774</u>	<u>33,361</u>
Expenses:		
General government	20,218	20,957
Transportation	3,598	3,298
Environmental protection	<u>2,992</u>	<u>3,554</u>
Total expenditures	<u>26,808</u>	<u>27,827</u>
Increase (Decrease) in net position	10,966	5,534
Net position, July 1	<u>70,962</u>	<u>65,428</u>
Net position, June 30	<u>\$ 81,928</u>	<u>\$ 70,962</u>

Governmental Activities

Governmental activities increased the Town of Raynham's net position by \$10,966. Key elements of this increase are as follows:

- Sales tax revenue increased.
- Decrease in expenditures for environmental protection activity.
- The town received CARES Act funding of \$2,412 distributed by the county as reimbursement for expenses related to COVID-19.

Financial Analysis of the Town's Funds

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

Governmental Funds

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

The General Fund is the chief operating fund of the Town of Raynham. At the end of the current fiscal year, the Town's General Fund reported a fund balance available of \$71,858. The Governing Body of the Town of Raynham has determined that the Town should maintain an available fund balance of 10% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 272.05% of general fund expenditures.

General Fund Budgetary Highlights

During the fiscal year, the Town did not amend the budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available. 2) amendments made to recognize new funding from external sources, such as Federal and State grants. 3) amendments that increase appropriations that become necessary to maintain services.

Town of Raynham, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Capital Assets

The Town of Raynham's investment in capital assets for its governmental activities as of June 30, 2021, totals \$7,849 (net of accumulated depreciation). The investments in capital assets include land, buildings and improvements.

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

	Governmental Activities	
	2021	2020
Land	\$ 3,500	\$ 3,500
Buildings and improvements	4,349	4,743
Total	<u>\$ 7,849</u>	<u>\$ 8,243</u>

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

Economic Factors and Next Year's Budgets

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

- The unemployment rate for the Town and surrounding area is 7.30% at June 30, 2021, which is a decrease from a rate of 8.80% a year ago. This comparison is higher than the State's rate of 4.90% and the national rate of 6.10%.

Budget highlights for the fiscal year ending June 30, 2021 include anticipating budgeted revenues from property taxes, sales taxes, and Powell Bill to remain approximately the same as the prior year amounts. Budgeted expenditures are expected to remain approximately the same.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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

Town of Raynham, North Carolina
Statement of Net Position
June 30, 2021

	<u>Primary Governmental Activities</u>
<u>ASSETS</u>	
Current assets	
Cash	\$ 71,858
Restricted cash	1,040
Taxes receivable	1,181
Total current assets	<u>74,079</u>
Non-current assets	
Capital assets (Note 3)	
Land	3,500
Other capital assets, net of depreciation	4,349
Total capital assets	<u>7,849</u>
Total assets	<u>81,928</u>
<u>LIABILITIES</u>	
Current liabilities	<u>-</u>
Total liabilities	<u>-</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Total deferred inflows of resources	<u>-</u>
<u>NET POSITION</u>	
Invested in capital assets, net	7,849
Restricted for transportation	1,040
Unrestricted	73,039
Total net position	<u><u>\$ 81,928</u></u>

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

Town of Raynham, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

		Program Revenues	Net (Expense) Revenue and Changes in Net Position	
			Primary Government	
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Totals</u>
Primary government				
Governmental activities				
General Government	\$ 20,218	\$ 2,412	\$ (17,806)	\$ (17,806)
Transportation	3,598	2,573	(1,025)	(1,025)
Environmental Protection	2,992	-	(2,992)	(2,992)
Total governmental activities	26,808	4,985	(21,823)	(21,823)
Total primary government	<u>\$ 26,808</u>	<u>\$ 4,985</u>	<u>\$ (21,823)</u>	<u>\$ (21,823)</u>
General revenues				
Taxes:				
Property taxes, levied for general purpose			1,546	1,546
Grants and contributions not restricted to specific programs			31,243	31,243
Miscellaneous			-	-
Total general revenues			<u>32,789</u>	<u>32,789</u>
Change in net position			10,966	10,966
Net position, beginning			70,962	70,962
Net position, ending			<u>\$ 81,928</u>	<u>\$ 81,928</u>

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

Town of Raynham, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS		
Cash	\$ 71,858	\$ 71,858
Restricted cash	1,040	1,040
Taxes receivable	1,181	1,181
Total assets	<u>\$ 74,079</u>	<u>\$ 74,079</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	1,181	1,181
Total deferred inflows of resources	<u>1,181</u>	<u>1,181</u>
FUND BALANCES		
Restricted		
Streets	1,040	1,040
Assigned		
Subsequent year's expenditures	-	-
Unassigned	71,858	71,858
Total fund balance	<u>72,898</u>	<u>72,898</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 74,079</u>	<u>\$ 74,079</u>

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

Total Fund balance, Governmental Funds	72,898
--	--------

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

Gross capital assets at historical cost	\$ 19,419	
Accumulated depreciation	<u>(11,570)</u>	7,849

Liabilities for earned revenues considered deferred inflows of resources in fund statements		<u>1,181</u>
Net position of governmental activities		<u>\$ 81,928</u>

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

Town of Raynham, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues		
Ad valorem taxes	\$ 1,949	\$ 1,949
Unrestricted intergovernmental revenue	31,173	31,173
Restricted intergovernmental revenue	5,055	5,055
Miscellaneous	-	-
Total revenues	<u>38,177</u>	<u>38,177</u>
Expenditures		
Current:		
General government	19,824	19,824
Transportation	3,598	3,598
Environmental protection	2,992	2,992
Total expenditures	<u>26,414</u>	<u>26,414</u>
Revenues over (under) expenditures	11,763	11,763
Other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balance	11,763	11,763
Fund balance, beginning	<u>61,135</u>	<u>61,135</u>
Fund balance, ending	<u><u>\$ 72,898</u></u>	<u><u>\$ 72,898</u></u>

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

Net change in fund balance - total governmental funds	\$ 11,763
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay expenditures which were capitalized	-
Depreciation expense for governmental assets	(396)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in unavailable revenue for tax revenues	<u>(401)</u>
Total changes in net position of governmental activities	<u><u>\$ 10,966</u></u>

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

Town of Raynham, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
For the Year Ended June 30, 2021

	Original	Final	Actual	Variance Positive (Negative)
Revenues				
Ad valorem taxes				
Taxes	\$	\$	\$ 1,729	\$
Penalties and interest			220	
Total	2,353	2,353	1,949	(404)
Unrestricted intergovernmental revenues				
Local option sales tax			21,419	
Sales tax city hold harmless			7,186	
Utilities sales tax			2,266	
Telecommunications sales tax			302	
Total	27,487	27,487	31,173	3,686
Restricted intergovernmental revenues				
Solid waste disposal tax			70	
Powell Bill			2,573	
Grant Revenue - CARES Act			2,412	
Total	2,751	2,751	5,055	2,304
Miscellaneous				
Miscellaneous revenues			-	
Total	-	-	-	-
Total revenues	32,591	32,591	38,177	5,586
Expenditures				
General government				
Governing body -				
Travel			3,881	
Total	3,942	3,942	3,881	61
Administration -				
Supplies and materials			443	
Dues and subscriptions			100	
Insurance and bonds			925	
Professional services			2,600	
Utilities - Street lights			2,707	
Miscellaneous			1,230	
Maintenance			4,034	
Fees - Clerk			3,000	
Utilities - Town hall			904	
Total	13,747	13,747	15,943	(2,196)
Total general government	\$ 17,689	\$ 17,689	\$ 19,824	\$ (2,135)

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

Town of Raynham, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual (Continued)
For the Year Ended June 30, 2021

	Original	Final	Actual	Variance Positive (Negative)
Expenditures (continued)				
Transportation				
Streets and highways -				
Maintenance and repairs	\$	\$	\$	\$
Supplies			48	
Street and ditch maintenance			3,550	
Total transportation	<u>4,848</u>	<u>4,848</u>	<u>3,598</u>	<u>1,250</u>
Environmental protection				
Solid waste -				
Sanitation service - contract			2,992	
Total environmental protection	<u>3,000</u>	<u>3,000</u>	<u>2,992</u>	<u>8</u>
Total expenditures	<u>25,537</u>	<u>25,537</u>	<u>26,414</u>	<u>(877)</u>
Revenues over (under) expenditures	<u>7,054</u>	<u>7,054</u>	<u>11,763</u>	<u>4,709</u>
Other financing sources (uses)	-	-	-	-
Fund balance appropriated	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,054</u>	<u>\$ 7,054</u>	11,763	<u>\$ 4,709</u>
Fund balance, beginning			<u>61,135</u>	
Fund balance, ending			<u>\$ 72,898</u>	

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

Town of Raynham, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A - Reporting Entity

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

B - Basis of Presentation

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

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

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

The Town reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for street maintenance, construction, and administration.

C - Measurement Focus and Basis of Accounting

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

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

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

Town of Raynham, North Carolina
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C - Measurement Focus and Basis of Accounting (continued)

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized which are recognized as expenditures in governmental funds. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash.

D - Budgetary Data

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

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

Deposits

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

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

Cash

All cash is essentially demand deposits and is considered cash.

Town of Raynham, North Carolina
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Restricted Assets

Powell Bill funds in the amount of \$1,040 are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Ad Valorem Taxes Receivable

In accordance with State law [GS 105-347 and GS 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings and improvements, \$5,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$10,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical costs. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

Deferred Outflows/Inflows of Resources

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

Net Position/Fund Balances

Net Position

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

Town of Raynham, North Carolina
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2021

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net Position/Fund Balances (continued)

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

The Town of Raynham has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

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

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A - Significant Violations of Finance Related Legal and Contractual Provisions

Noncompliance with North Carolina General Statutes

No instances of noncompliance were noted during the fiscal year ending June 30, 2021.

B - Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for general government by \$2,196. Management and the Board will more closely review the budget reports to ensure compliance in future years.

Town of Raynham, North Carolina
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2021

III - DETAIL NOTES ON ALL FUNDS

A - Assets

Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal deposit insurance coverage level are collateralized with securities held by the Town's agent in the unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$72,898 and a bank balance of \$72,898. The bank balances of the Town were fully covered by Federal Deposit Insurance.

Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,500	\$ -	\$ -	\$ 3,500
Capital assets being depreciated:				
Buildings	15,918	-	-	15,918
Total capital assets being depreciated	15,918	-	-	15,918
Less accumulated depreciation for:				
Buildings	11,175	396	-	11,570
Total accumulated depreciation	11,175	\$ 396	\$ -	11,570
Governmental activity capital assets, net	<u>\$ 8,243</u>			<u>\$ 7,849</u>

Town of Raynham, North Carolina
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2021

NOTE III - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities

Claims, Judgments, and Contingent Liabilities

At June 30, 2021, the Town had no known claims, judgments, or contingent liabilities.

Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year-end are comprised of taxes receivable in the amount of \$1,181.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Town carries commercial coverage for risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Town does not carry any flood insurance as it has not experienced any significant losses from floods.

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

C - Fund Balance

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

Total fund balance – General Fund	\$ 72,898
Less:	
Streets – Powell Bill	1,040
Working Capital/Fund Balance Policy	<u>71,858</u>
Remaining fund balance	<u>\$ -</u>

NOTE IV - Related Party Transactions

The Town purchases services from Datry Hunt and Tyler Bollinger, a former Town Commissioner, and related family member for street and ditch maintenance. These services include mowing, weeding, spraying for weeds, cutting, and cleaning of Town streets and ditches. These services are approved by the Town Commissioners and amounted to \$7,400 for the fiscal year ended June 30, 2021.

NOTE V – Subsequent Events

Management has evaluated subsequent events through January 14, 2022, the date of which the financial statements were available to be issued.

Town of Raynham, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual (Continued)
For the Year Ended June 30, 2021

OTHER SCHEDULES

Town of Raynham, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

	Uncollected Balances June 30, 2020	Additions	Collections and Credits	Uncollected Balances June 30, 2021
Fiscal year				
2020-2021	\$ -	\$ 1,480	\$ 1,439	\$ 41
2019-2020	259	-	39	220
2018-2019	224	-	1	223
2017-2018	268	-	-	268
2016-2017	115	-	23	92
2015-2016	171	-	94	77
2014-2015	78	-	-	78
2013-2014	78	-	-	78
2012-2013	26	-	-	26
2011-2012	184		106	78
2010-2011	180	-	180	-
	-			
	<u>\$ 1,583</u>	<u>\$ 1,480</u>	<u>\$ 1,882</u>	1,181
Less - Allowance for uncollectible accounts				-
				<u>\$ 1,181</u>
Ad Valorem taxes receivable - net				
Reconciliation with revenue:				
Taxes - Ad Valorem - General Fund				\$ 1,949
Reconciling items:				
Interest and penalties collected				(235)
Taxes written off				168
Other				-
Total collections and credits				<u>\$ 1,882</u>

Town of Raynham, North Carolina
Analysis of Current Tax Levy
June 30, 2021

	Town Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
Property taxed at current rate	\$ 2,928,000	0.05	\$ 1,464	\$ 1,244	\$ 220
Discoveries					
Current and prior years	12,343		7	7	-
Abatements	<u>(3,576)</u>		<u>(2)</u>	<u>(2)</u>	<u>-</u>
Total property valuation	<u>\$ 2,936,767</u>				
Net levy			\$ 1,469	\$ 1,249	\$ 220
Uncollected taxes at June 30, 2021			<u>30</u>	<u>30</u>	<u>-</u>
Current year's taxes collected			<u>\$ 1,439</u>	<u>\$ 1,219</u>	<u>\$ 220</u>
Current levy collection percentage			<u>97.96%</u>	<u>97.60%</u>	<u>100.00%</u>