

**TOWN OF STEM  
NORTH CAROLINA**

**ANNUAL FINANCIAL REPORT**

**Town Commissioners**

Paul C. Dover, Mayor  
Susan Cope, Mayor Pro Tem  
Kenneth McLamb  
David Pavlus  
Kevin Easter  
Frank Shelton

**Administrative and Financial Staff**

Vicki Garret, Town Clerk  
Robert Hornik, Town Attorney

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Town of Stem, North Carolina  
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## FINANCIAL SECTION

***May & Place, PA***  
**CERTIFIED PUBLIC ACCOUNTANTS**

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Scott H. May, CPA  
Dale R. Place, CPA, CFE

**Independent Auditor's Report**

Honorable Mayor and Commissioners  
Town of Stem  
Stem, North Carolina 27581

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund for the Town of Stem, 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, North Carolina 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 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 the basic financial statements are free of material misstatement.

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

### ***Opinions***

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 each major fund for the Town of Stem, North Carolina as of June 30, 2021, and the respective changes in financial position 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 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 the 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 the 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 Stem, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*May & Place, PA*

May & Place, PA  
Louisburg, North Carolina  
November 30, 2021

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

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

### **Financial Highlights**

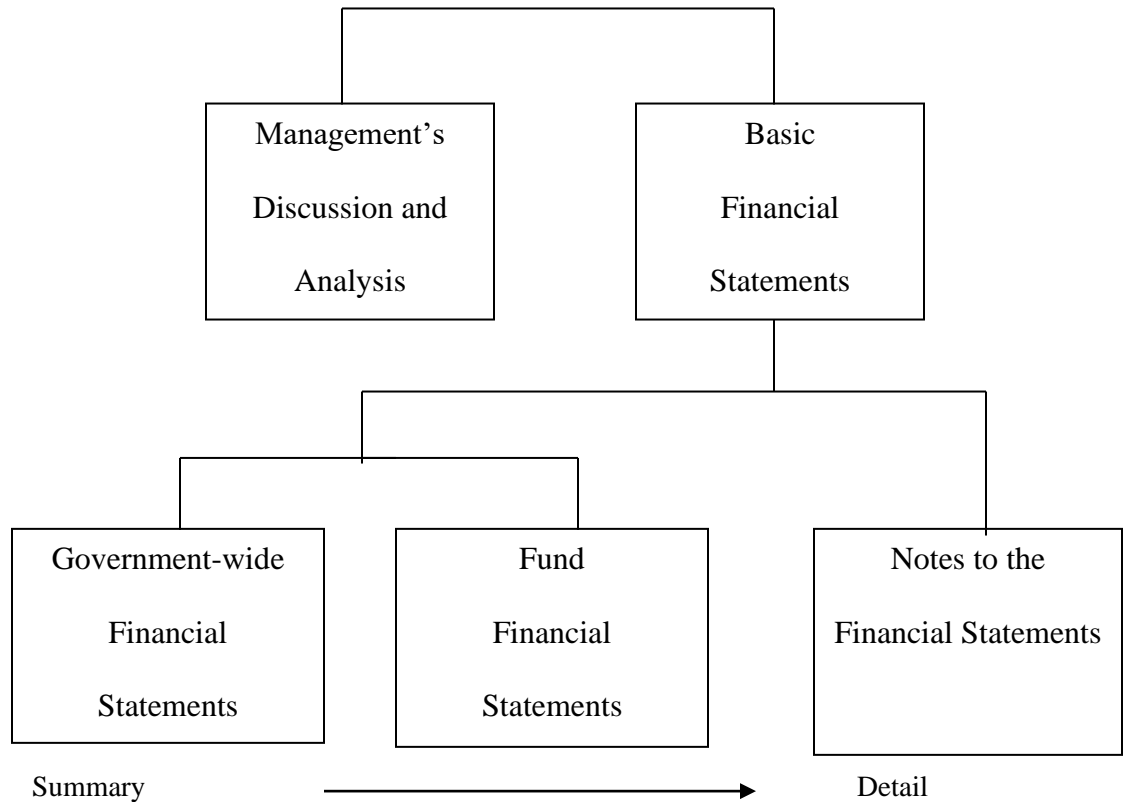
- The assets of the Town of Stem exceeded its liabilities at the close of the fiscal year by \$1,127,432 (*net position*).
- The government's total net position increased by \$178,506.
- As of the close of the current fiscal year, the Town of Stem's governmental fund reported an ending fund balance of \$533,320, a net increase of \$199,307 in fund balance. Approximately 78 percent of this total amount or \$417,399 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$417,399 or 92 percent of total general fund expenditures for the fiscal year.

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

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

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

## **Government-Wide Financial Statements**

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

The 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 total liabilities. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements present the governmental activities, which include most of the Town's basic services such as public safety, transportation and utilities, parks and recreation, and general administration. Property taxes, intergovernmental revenues, and state and federal grant funds finance most of these activities.

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

## **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Stem, 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 of Stem are governmental funds.

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

The Town of Stem 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 management of the Town of Stem, and the decisions of the Commissioners about which services to provide and how to pay for them. It also authorizes the Town of Stem 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 of Stem 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 start on page 22 of the report.



## Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Stem exceeded liabilities by \$1,127,432 as of June 30, 2021. The Town's net position increased by \$178,506 for the fiscal year ended June 30, 2021. One portion of the Town's net position, \$591,585, reflects the Town's net investment in capital assets (e.g., machinery and equipment). The Town of Stem uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in capital assets is reported net of any outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot liquidate these liabilities. An additional portion of the Town of Stem's net position, \$115,921 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$419,926 is unrestricted.

**Town's Net Position**  
**Figure 2**

	Governmental Activities		Total	
	2021	2020	2021	2020
Current and other assets	\$ 547,125	\$ 349,658	\$ 547,125	\$ 349,658
Capital assets	591,585	611,749	591,585	611,749
Total assets	<u>1,138,710</u>	<u>961,407</u>	<u>1,138,710</u>	<u>961,407</u>
Other liabilities	11,278	12,481	11,278	12,481
Total liabilities	<u>11,278</u>	<u>12,481</u>	<u>11,278</u>	<u>12,481</u>
Net assets:				
Net investment in capital assets,				
net of related debt	591,585	611,749	591,585	611,749
Restricted	115,921	87,042	115,921	87,042
Unrestricted	419,926	250,135	419,926	250,135
Total net position	<u>\$ 1,127,432</u>	<u>\$ 948,926</u>	<u>\$ 1,127,432</u>	<u>\$ 948,926</u>

Several aspects of the Town's financial operations influenced the total unrestricted governmental net assets:

- Revenues for the General Fund increased by \$46,447 compared to the prior year.
- Continuing effort by the county to collect 99.47% of property taxes.

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

	<b>Governmental Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenues:				
Program revenues:				
Charges for services	\$ 41,782	\$ 43,839	\$ 41,782	\$ 43,839
Operating grants and contributions	39,932	35,078	39,932	35,078
General revenues:				
Property taxes	333,463	330,007	333,463	330,007
Grants and contributions not restricted to specific programs	231,852	194,437	231,852	194,437
Other income	5,134	2,355	5,134	2,355
Total revenues	<u>652,163</u>	<u>605,716</u>	<u>652,163</u>	<u>605,716</u>
Expenses:				
General government	173,942	201,194	173,942	201,194
Public safety	247,862	261,982	247,862	261,982
Transportation and utilities	27,652	30,500	27,652	30,500
Storm water Management	24,201	7,074	24,201	7,074
Total expenses	<u>473,657</u>	<u>500,750</u>	<u>473,657</u>	<u>500,750</u>
Increase(decrease) in net position	<u>178,506</u>	<u>104,966</u>	<u>178,506</u>	<u>104,966</u>
Net position, July 1	948,926	843,960	948,926	843,960
Net position, June 30	<u>\$ 1,127,432</u>	<u>\$ 948,926</u>	<u>\$ 1,127,432</u>	<u>\$ 948,926</u>

**Governmental activities.** Governmental activities increased the Town's net position by \$178,506.

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

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

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

The General Fund is the chief operating fund of the Town of Stem. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$417,399, while total fund balance reached \$533,320. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 92 percent of total General Fund expenditures, while total fund balance represents 118 percent of that same amount.

At June 30, 2021, the governmental funds of the Town of Stem reported a combined fund balance of \$533,320, a 59.67 percent increase from the prior year.

**General Fund Budgetary Highlights.** For the fiscal year, the Town adopted a budget. If any budget amendments were required, they would have fallen 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.

Revenues were higher than budgeted amounts primarily because revenues from taxes were higher than expected. Expenditures were over budgeted amount as the Town did not make the appropriate budget amendments to comply with its budgetary requirements.

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

**Capital assets:** The Town of Stem's capital assets for its governmental activities as of June 30, 2021, total \$591,585 (net of accumulated depreciation). The assets include buildings, machinery and equipment, land, park facilities, and vehicles.

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

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Land	\$ 453,988	\$ 453,988
Building and improvements	72,695	69,297
Equipment	22,054	27,337
Vehicles and motorized equipment	14,385	31,888
Storm water system	28,463	29,239
	<u>\$ 591,585</u>	<u>\$ 611,749</u>

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

**Long-term Debt:** As of June 30, 2021, the Town of Stem had no long-term debt outstanding.

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

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

- While the Town concerned about its revenues in light of current economic conditions, the Town still expects the tax collection rate to remain the same.

## **Budget Highlights for the Fiscal Year Ending June 30, 2021**

### **Governmental Activities:**

- The COVID-19 pandemic began prior to the start of the upcoming fiscal year. The overall impact of this pandemic is not determinable at this time.
- Total budget for the fiscal year ending June 30, 2022, is \$830,250.
- The tax rate for the coming fiscal year of 2022 is to remain the same as the prior year of .45cent/\$100.00.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Mayor, Town of Stem, and P. O. Box 88, Stem, NC 27581, telephone number (919) 528-4144.

## BASIC FINANCIAL STATEMENTS

**Exhibit 1**

**Town of Stem, North Carolina**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 428,677	\$ 428,677
Taxes receivable (net)	2,254	2,254
Accrued interest receivable taxes	273	273
Due from other governments	45,464	45,464
Restricted cash and cash equivalents	70,457	70,457
Total Current Assets	<u>547,125</u>	<u>547,125</u>
Land and construction in progress	453,988	453,988
Other capital assets, net of depreciation	137,597	137,597
Total capital assets, net of depreciation	<u>591,585</u>	<u>591,585</u>
Total Assets	<u>1,138,710</u>	<u>1,138,710</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	11,278	11,278
Total Current Liabilities	<u>11,278</u>	<u>11,278</u>
Total Liabilities	<u>11,278</u>	<u>11,278</u>
<b>NET POSITION</b>		
Net investment in capital assets	591,585	591,585
Restricted for:		
Stabilization by State Statute	45,464	45,464
Streets	70,457	70,457
Unrestricted	419,926	419,926
Total Net Position	<u>\$ 1,127,432</u>	<u>\$ 1,127,432</u>

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

**Exhibit 2**

**Town of Stem, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2021  
Program Revenues**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Total</b>
Primary Government:						
Governmental Activities:						
General government	\$ 173,942	\$ -	\$ 17,706	\$ -	\$ (156,236)	\$ (156,236)
Public safety	247,862	1,095	-	-	(246,767)	(246,767)
Transportation and utilities	27,652	-	20,647	-	(7,005)	(7,005)
Cultural and recreation	-	-	1,579	-	1,579	1,579
Storm water management	24,201	40,687	-	-	16,486	16,486
Total Governmental Activities	<u>473,657</u>	<u>41,782</u>	<u>39,932</u>	<u>-</u>	<u>(391,943)</u>	<u>(391,943)</u>
Total Primary Government	<u>\$ 473,657</u>	<u>\$ 41,782</u>	<u>\$ 39,932</u>	<u>\$ -</u>	<u>(391,943)</u>	<u>(391,943)</u>
General Revenues:						
Taxes:						
Property taxes levied for general purposes					333,463	333,463
Unrestricted intergovernmental					200,074	200,074
Other taxes					31,778	31,778
Unrestricted miscellaneous					5,070	5,070
Unrestricted investment earnings					64	64
Total general revenues not including transfers					<u>570,449</u>	<u>570,449</u>
Change in Net Position					178,506	178,506
Net Position – beginning					948,926	948,926
Net Position – ending					<u>\$ 1,127,432</u>	<u>\$ 1,127,432</u>

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

**Town of Stem, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>		
Cash and investments	\$ 428,677	\$ 428,677
Restricted cash and investments	70,457	70,457
Taxes receivable	2,254	2,254
Accounts receivable	45,464	45,464
Total assets	<u>546,852</u>	<u>546,852</u>
<b>LIABILITIES</b>		
Accounts payable	3,738	3,738
Accrued payroll liabilities	7,540	7,540
Total liabilities	<u>11,278</u>	<u>11,278</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property taxes receivable	2,254	2,254
Total deferred inflows of resources	<u>2,254</u>	<u>2,254</u>
<b>FUND BALANCES</b>		
Restricted		
Stabilization by State Statute	45,464	45,464
Streets	70,457	70,457
Unassigned	417,399	417,399
Total fund balances	<u>533,320</u>	<u>533,320</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>546,852</u>	\$ <u>546,852</u>

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



**Exhibit 3**  
(continued)

**Town of Stem, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balance, Governmental Fund	\$ 533,320
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds	591,585
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore, are deferred.	273
Liabilities for earned but deferred revenues in fund statements. 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.	<u>2,254</u>
Net position of governmental activities, Exhibit 1	\$ <u>1,127,432</u>

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

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

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>		
Ad valorem taxes	\$ 334,100	\$ 334,100
Unrestricted intergovernmental revenues	231,852	231,852
Restricted intergovernmental revenues	39,932	39,932
Permits and fees	41,782	41,782
Investment earning	64	64
Miscellaneous	5,070	5,070
Total revenues	<u>652,800</u>	<u>652,800</u>
<b>Expenditures</b>		
General government	169,138	169,138
Public safety	233,278	233,278
Transportation and utilities	26,876	26,876
Storm water management	24,201	24,201
Total expenditures	<u>453,493</u>	<u>453,493</u>
Excess (deficiency) of revenues over expenditures	199,307	199,307
Fund Balance – beginning	<u>334,013</u>	<u>334,013</u>
Fund Balance – ending	<u>\$ 533,320</u>	<u>\$ 533,320</u>

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

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

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

Net changes in fund balances – total government funds	\$ 199,307
Government funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are 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 outlays	8,336
Depreciation	(28,500)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in accrued interest receivable on taxes	(607)
Change in deferred revenue for tax revenue	(30)
Total changes in net position of governmental activities	\$ <u>178,506</u>

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

**Exhibit 5**

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

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 330,709	\$ 330,709	\$ 334,100	\$ 3,391
Unrestricted intergovernmental	162,325	162,325	231,852	69,527
Restricted intergovernmental	20,830	38,536	39,932	1,396
Permits and fees	41,160	41,160	41,782	622
Investment earnings	200	200	64	(136)
Miscellaneous revenues	1,000	1,000	5,070	4,070
Total revenues	<u>556,224</u>	<u>573,930</u>	<u>652,800</u>	<u>78,870</u>
<b>Expenditures:</b>				
General government	198,758	198,458	169,138	29,320
Public safety	260,110	278,116	233,278	44,838
Transportation and utilities	38,000	38,000	26,876	11,124
Storm water management	27,500	27,500	24,201	3,299
Total expenditures	<u>524,368</u>	<u>542,074</u>	<u>453,493</u>	<u>88,581</u>
Revenues over (under) expenditures	<u>31,856</u>	<u>31,856</u>	<u>199,307</u>	<u>167,451</u>
Other financing sources (uses):				
Transfer to capital reserve	<u>31,856</u>	<u>31,856</u>	<u>-</u>	<u>31,856</u>
Total other financing sources (uses)	<u>31,856</u>	<u>31,856</u>	<u>-</u>	<u>31,856</u>
Revenues over expenditures and other financing Sources (uses)	\$ <u>-</u>	\$ <u>-</u>	199,307	\$ <u>199,307</u>
Fund Balance - beginning			<u>334,013</u>	
Fund Balance – ending			\$ <u>533,320</u>	

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

## NOTES TO THE FINANCIAL STATEMENTS

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

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Stem 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 Stem is a municipal corporation that is governed by an elected mayor and five-member council. As required by generally accepted accounting principles, these financial statements present the Town of Stem, a legally separate entity for which the Town is financially accountable. These financial statements present only the financial operations of the Town, as there are no component units required to be included.

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government (the Town) net position. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. The Town has only governmental 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, fines, 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 where applicable. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Town of Stem had no non-major governmental funds and no major or non-major enterprise funds. The Town has only a general fund.

The Town reports the following major governmental funds:

***General Fund.*** The General Fund is the general operating fund of the Town of Stem. 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 shared revenues, State grants, other taxes and licenses, and investment earnings. The primary expenditures are for streets and highways, public safety, and general governmental services.

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

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

*Government-wide Fund Financial Statements.* The government-wide fund financial statements are reported using the economic resources measurement focus. The government-wide 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. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, including 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 (a) charges to customers or applications for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Revenues that are not classified as program revenues are presented as general revenues. Likewise, general revenues include all taxes.

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

The Town of Stem considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, 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 beer and wine tax, collected and held by the State at year-end on behalf of the Town of Stem are recognized as revenue. Sales taxes are considered shared revenue for the Town of Stem because the tax is levied by Granville County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town of Stem funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town of Stem's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

#### D. Budgetary Data

The Town of Stem's budget was adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund by more than \$2,500. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

## E. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity

### 1. Deposits and Investments

All deposits of the Town of Stem are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town of Stem may designate, as an official depository, any bank or savings association whose principle office is located in North Carolina. Also, the Town of Stem 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). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT- Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

In accordance with State law, the Town may invest in securities which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

### 2. Cash and Cash Equivalents

The Town pools its money to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

### 3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Funds for the perpetual maintenance of the Town's cemetery are classified as restricted as they are expended for the care and maintenance of the cemetery. The Town of Stem has restricted cash of \$70,457 for Powell Bill for fiscal year June 30, 2021.

### 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<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

### 5. Allowance for Doubtful Accounts

All receivables that historically experience uncollectable 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. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, improvements, equipment, vehicles, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$50,000. Donated capital assets received prior to June 15, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, is recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of the Town are depreciated on a straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	40
Improvements	15
Vehicles	5
Computers	3
Furniture and equipment	7-10

## 7. 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 of these 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 this criterion, which consists of property taxes receivable.

## 8. Net Position/Fund Balances

### Net Position

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

### Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Restricted fund balance – This classification includes amounts that are restricted to specific purposes externally imposed 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.

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

Committed fund balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Stem's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – portion of fund balance that the Town 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 appropriations.

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

The Town of Stem has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Town Clerk/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, follow in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Town Clerk/Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

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

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

#### **1. Noncompliance with North Carolina General Statutes**

None

#### **2. Contractual Violations**

None.

B. Deficit in Fund Balance or Net Position of Individual Funds

None.

C. Excess of Expenditures over Appropriation

None.

**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. 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. 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 formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$499,134 and a bank balance of \$510,286. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder of \$260,286 was covered by collateral held under the pooling method. The Town of Stem does not maintain a petty cash fund.

2. Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021, are without any allowances for doubtful accounts:

Taxes receivable	\$	2,254
Accrued interest receivable on taxes		273
Due from other governments:		
Accounts receivable property tax		205
Franchise tax receivable		5,890
Sales tax receivable		35,535
Due from Granville County		3,834
Total General Fund	\$	<u>47,991</u>

### 3. Capital Assets

#### **Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 453,988	\$ -	\$ -	\$ 453,988
Total capital assets not being depreciated	453,988	-	-	453,988
<b>Capital assets being depreciated:</b>				
Buildings	110,972	-	-	110,972
Equipment	111,627	-	-	111,627
Improvements	2,340	8,336	-	10,676
Storm water system	31,050	-	-	31,050
Vehicles and motorized equipment	196,148	-	-	196,148
Total capital assets being depreciated	452,137	8,336	-	460,473
<b>Less accumulated depreciation for:</b>				
Buildings	41,675	4,799	-	46,474
Equipment	84,290	5,283	-	89,573
Improvements	2,340	139	-	2,479
Storm water system	1,811	776	-	2,587
Vehicles and motorized equipment	164,260	17,503	-	181,763
Total accumulated depreciation	294,376	\$ 28,500	\$ -	322,876
Total capital assets being depreciated, net	157,761			137,597
<b>Governmental activity capital assets, net</b>	<b>\$ 611,749</b>			<b>\$ 591,585</b>

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

Function	Amount
General government	\$ 13,140
Public safety	14,584
Storm water management	776
Total depreciation expense	<u>\$ 28,500</u>

### B. Liabilities

#### 1. Pension Plan Obligations

##### a) Local Government Employees' Retirement System

The Town of Stem does not participate in the Local Governmental Employees' Retirement System.

##### b) Law Enforcement Officers Special Separation Allowance

The Town of Stem does not have any full-time law enforcement officers that can participate in the LEOSSA.

c) Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021, were \$0.

2. Deferred Outflows and Inflows of Resources

Deferred inflows of resources at year end are composed of ad valorem taxes receivable.

	<u>General Fund Balance Sheet</u>
Ad valorem taxes receivable:	<u>\$2,254</u>
Total deferred revenue:	<u>\$2,254</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 participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years. The Town of Stem does not carry flood insurance. There have been no losses due to flooding in previous years and the Town does not believe that flood insurance is necessary.

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 Clerk, who serves as the Finance Officer, is individually bonded by a surety in the amount of \$50,000. The Mayor and Town Commissioners are bonded for \$10,000 each.

4. Claims, Judgments and Contingent Liabilities

At June 30, 2021, the Town of Stem was not a defendant to any lawsuits, judgments, and contingent liabilities.

**C. Fund Balance**

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

<i>Total fund balance-General Fund</i>	\$ 533,320
Less:	
Streets – Powell Bill	70,457
Stabilization by State Statute	45,464
Remaining Fund Balance	417,399

**IV. Summary Disclosure of Significant Contingencies**

Federal and State Assisted Programs

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

**V. Significant Effects of Subsequent Events**

Management has evaluated subsequent events through November 30, 2021, the date on which the financial statements were available to be issued.

## COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year	\$	\$ 334,100	\$
Total	<u>330,709</u>	<u>334,100</u>	<u>3,391</u>
Unrestricted intergovernmental:			
Local option sales taxes		198,688	
Franchise taxes		28,775	
County ABC Board		1,386	
Beer and wine tax		3,003	
Total	<u>162,325</u>	<u>231,852</u>	<u>69,527</u>
Restricted intergovernmental:			
Powell Bill allocation		20,647	
Granville County Recreational Funding		1,579	
CARES Act funding		17,706	
Total	<u>38,536</u>	<u>39,932</u>	<u>1,396</u>
Permits and fees:			
Court fees		5	
Zoning permits		1,090	
Stormwater fees		40,687	
Total	<u>41,160</u>	<u>41,782</u>	<u>622</u>
Investment earnings	<u>200</u>	<u>64</u>	<u>(136)</u>
Miscellaneous revenue	<u>1,000</u>	<u>5,070</u>	<u>4,070</u>
Total Revenues	\$ <u>573,930</u>	\$ <u>652,800</u>	\$ <u>78,870</u>

(continued)



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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General Government:			
Governing Body			
Mayor	\$	\$ 10,500	\$
Board of Commissioners		20,100	
Zoning administrator		10,800	
Payroll taxes		3,203	
Dues and subscriptions		2,114	
Legal fees		28,938	
Improvements		747	
Licenses		164	
Telephone		4,581	
Supplies		1,816	
Total governing body	<u>90,428</u>	<u>82,963</u>	<u>7,465</u>
Finance			
Town clerk		10,200	
Payroll taxes		780	
Advertising		1,040	
Office supplies and postage		810	
Professional fees		14,921	
Software license		5,424	
Utilities		2,541	
Website		1,800	
Condolence fund		510	
Total finance	<u>45,330</u>	<u>38,026</u>	<u>7,304</u>
Facilities:			
Building maintenance		5,038	
Mowing		7,560	
Property taxes		1,889	
Total facilities	<u>20,900</u>	<u>14,487</u>	<u>6,413</u>

(continued)

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Cultural and recreation:			
Park improvements			
Portable restroom facility		900	
Park maintenance/mowing		7,920	
Christmas parade		545	
Miscellaneous		506	
Capital outlay		8,336	
Total cultural and recreation	<u>25,050</u>	<u>18,207</u>	<u>6,843</u>
Planning and Adjustment			
Board of planning		134	
Total planning and adjustment	<u>500</u>	<u>134</u>	<u>366</u>
Community Donations:			
Stem Fire Department		12,321	
Stem Ruritan Club		500	
Families Living Violence Free		500	
Martin Luther King breakfast		500	
Granville Co Search & Rescue		500	
ACIM		500	
Alive after Five		500	
Total community donations	<u>16,250</u>	<u>15,321</u>	<u>929</u>
Total general government	<u>198,458</u>	<u>169,138</u>	<u>29,320</u>
Public safety:			
Salaries and wages		151,717	
Payroll taxes		11,537	
Equipment and supplies		7,785	
Telephone		2,213	
Uniforms and laundry		1,521	
Liability insurance		7,911	
Insurance – workers' compensation		5,636	
Repairs and maintenance		4,843	
Supplies		2,955	
Fire contract		37,160	
Total public safety:	<u>278,116</u>	<u>233,278</u>	<u>44,838</u>

(continued)

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transportation and utilities:			
Streetlights		13,076	
Mowing grass		13,800	
Total transportation and utilities	<u>38,000</u>	<u>26,876</u>	<u>11,124</u>
Storm water Management			
Storm water expenditures		24,201	
Total storm water Management	<u>27,500</u>	<u>24,201</u>	<u>3,299</u>
Total expenditures	<u>542,074</u>	<u>453,493</u>	<u>88,581</u>
Revenues over (under) expenditures	<u>31,856</u>	<u>199,307</u>	<u>167,451</u>
Other financing sources (uses):			
Transfers capital reserves	<u>(31,856)</u>	<u>-</u>	<u>31,856</u>
Total Other Financing Sources (Uses)	<u>(31,856)</u>	<u>-</u>	<u>31,856</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>199,307</u>	<u>\$ 199,307</u>
Fund balances – beginning		334,013	
Fund balances – ending		<u>\$ 533,320</u>	

## Other Schedules

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This section contains additional information required on property taxes

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- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

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

<b>Fiscal Year</b>	<b>Uncollected Balance June 30, 2020</b>	<b>Additions</b>	<b>Collections And Credits</b>	<b>Uncollected Balance June 30, 2021</b>
2020-2021	\$ -	\$ 332,877	\$ 331,101	\$ 1,776
2019-2020	2,586	-	2,335	251
2018-2019	90	-	2	88
2017-2018	-	-	-	-
2016-2017	-	-	-	-
2015-2016	-	-	-	-
2014-2015	-	-	-	-
2013-2014	14	-	-	14
2012-2013	54	-	-	54
2011-2012	71	-	-	71
2010-2011	46	-	46	-
	<u>\$ 2,861</u>	<u>\$ 332,877</u>	<u>\$ 333,484</u>	<u>2,254</u>

Reconcilement with revenues:

Ad valorem taxes – General Fund	\$ <u>334,100</u>
Reconciling items:	
Interest collected	(662)
Taxes written off	<u>46</u>
Subtotal	<u>(616)</u>
Total collections and credits	\$ <u>333,484</u>

**Town of Stem, North Carolina**  
**Analysis of Current Tax Levy**  
**Town – Wide Levy**  
**For the Fiscal Year Ended 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	\$ 69,596,222	0.45	\$ 313,183	\$ 276,367	\$ 36,816
Total	<u>69,596,222</u>		<u>313,183</u>	<u>276,367</u>	<u>36,816</u>
Discoveries:					
Current year taxes	4,390,222	0.45	19,756	19,756	-
	<u>4,390,222</u>		<u>19,756</u>	<u>19,756</u>	<u>-</u>
Releases	(13,778)	0.45	(62)	(62)	-
	<u>(13,778)</u>		<u>(62)</u>	<u>(62)</u>	<u>-</u>
Total property valuation	\$ <u>73,972,666</u>				
Net levy			332,877	296,061	36,816
Uncollected taxes at June 30, 2021			(1,776)	(1,776)	-
Current year's taxes collected			\$ <u>331,101</u>	\$ <u>294,285</u>	\$ <u>36,816</u>
Current levy collection percentage			<u>99.47%</u>	<u>99.40%</u>	<u>100.00%</u>