

REVIEWED

By SLGFD at 3:20 pm, Jan 19, 2022

TOWN OF STOVALL, NORTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2021

Board of Commissioners Members

Janet Parrott, Mayor/Finance Officer

Dale Hughes

Doug Lunsford, Jr.

Ricky Sneed

Michael Williford

Carl Roberts

Administrative and Financial Staff

Sandra Williford, Town Clerk

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June 30, 2021

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FINANCIAL SECTION



William L. Stark and Company
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Stovall, 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 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 audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Stovall, North Carolina as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows 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 12, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on page 47, respectively, 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 consider it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

William L. Stark and Company

Certified Public Accountants
Henderson, North Carolina
January 14, 2022

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

As management of the Town of Stovall, we offer readers of the Town of Stovall's financial statements this narrative overview and analysis of the financial activities of the Town of Stovall 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's financial statements, which follow this narrative.

Financial Highlights

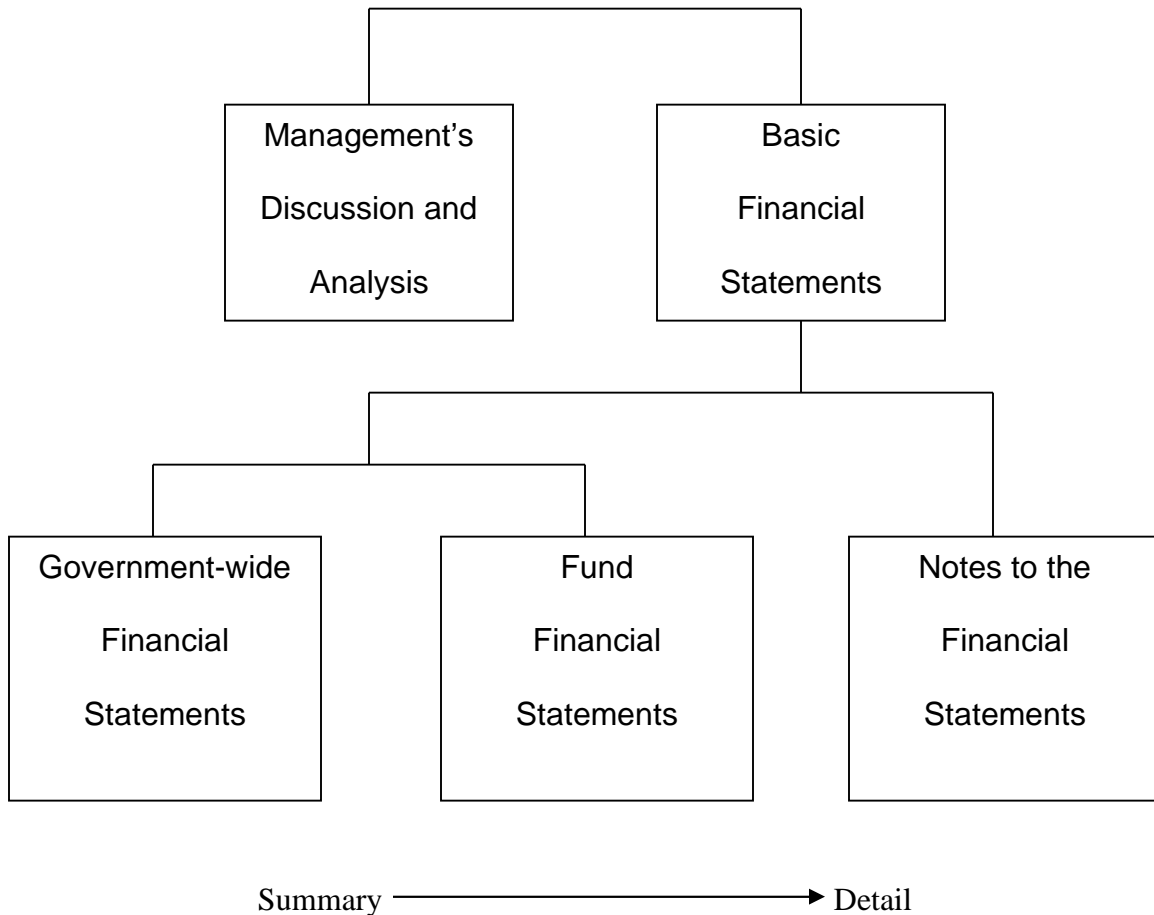
- The assets and deferred outflows of resources of the Town of Stovall *exceeded* its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,540,567.
- The government's total net position *decreased* by \$ 35,944, primarily due to *decreases* in the *business-type* activities net position.
- As of the close of the current fiscal year, the Town of Stovall's governmental funds reported combined ending fund balances of \$ 415,299, an *increase* of \$17,225 in comparison with the prior year. Approximately 20% percent of this total amount, or \$ 83,188, is non spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$ 332,111, or 130% percent of total general fund expenditures for the fiscal year.
- The Town of Stovall's total debt *decreased* by \$ 12,500 (3%) during the current fiscal year. The key factor in this decrease was the principal payment.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the

Management Discussion and Analysis

Town of Stovall

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

The government-wide financial statements are on Exhibits A and B 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 Stovall, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the town's budget ordinance. All of the funds of Town of Stovall can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that 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

Management Discussion and Analysis

Town of Stovall

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

Proprietary Funds – Town of Stovall has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Stovall uses enterprise funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on page 28 of this report.

Other Information – In addition to the basic statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Stovall's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 47 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.

Management Discussion and Analysis

Town of Stovall

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 and deferred outflows of the Town of Stovall exceeded liabilities and deferred inflows by \$4,504,623 as of June 30, 2021. The town's net position *decreased* by \$35,944 for the fiscal year ended June 30, 2021. However, the largest portion (\$3,747,245) reflects the town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Stovall uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Stovall's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Stovall's net position (\$327,071) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$430,307 is unrestricted.

Town of Stovall's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 428,261	\$ 407,130	\$ 361,981	\$ 323,082	\$ 790,242	\$ 730,212
Capital assets	254,190	278,236	3,996,611	4,081,446	4,250,801	4,359,682
Deferred outflow of resources	13,512	11,283	3,862	5,992	17,374	17,275
Total assets	695,963	696,649	4,362,454	4,410,520	5,058,417	5,107,169
Other liabilities	8,103	3,058	45,649	45,329	53,752	48,387
Long-term liabilities outstanding	14,451	10,880	485,591	507,335	500,042	518,215
Deferred inflow of resources	-	-	-	-	-	-
Total liabilities	22,554	13,938	531,240	552,664	553,794	566,602
Net position:						
Investment in capital assets	254,190	278,236	3,493,055	3,557,794	3,747,245	3,836,030
Restricted	83,188	116,781	243,883	243,587	327,071	360,368
Unrestricted	336,031	287,694	94,276	56,475	430,307	344,169
Total net position	\$ 673,409	\$ 682,711	\$ 3,831,214	\$ 3,857,856	\$ 4,504,623	\$ 4,540,567

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

- Maintaining a tax collection percentage of 97.09%;
- Increase in the unrestricted intergovernmental revenues;
- Recipient of a recreational grant and CARES Act funding.

Management Discussion and Analysis
Town of Stovall

Town of Stovall's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 36,784	\$ 37,788	\$ 249,897	\$ 289,350	\$ 286,681	\$ 327,138
Operating grants and contributions	18,064	24,010	-	-	18,064	24,010
Capital grants and contributions	-	10,900	-	-	-	10,900
General revenues:						
Property taxes	86,515	83,760	-	-	86,515	83,760
Grants and contributions not restricted to specific programs	139,102	123,572	-	-	139,102	123,572
Unrestricted investment earnings	368	674	301	967	669	1,641
Other	353	172	4,565	17,420	4,918	17,592
Total revenues	281,186	280,876	254,763	307,737	535,949	588,613
Expenses:						
General government	142,395	146,015	-	-	142,395	146,015
Public safety	37,574	34,999	-	-	37,574	34,999
Recreation	19,692	21,720	-	-	19,692	21,720
Environmental protection	34,993	32,313	-	-	34,993	32,313
Street	39,302	17,137	-	-	39,302	17,137
Cemetery	4,425	4,425	-	-	4,425	4,425
Fire department	2,100	2,100	-	-	2,100	2,100
Water and sewer	-	-	291,412	366,515	291,412	366,515
Total expenses	280,481	258,709	291,412	366,515	571,893	625,224
Increase/(Decrease) in net position before transfers	705	22,167	(36,649)	(58,778)	(35,944)	(36,611)
Transfers	(10,007)	(10,007)	10,007	10,007	-	-
(De)/Increase in net position	(9,302)	12,160	(26,642)	(48,771)	(35,944)	(36,611)
Net position, July 1	682,711	670,551	3,857,856	3,906,627	4,540,567	4,577,178
Net position, June 30	\$ 673,409	\$ 682,711	\$ 3,831,214	\$ 3,857,856	\$ 4,504,623	\$ 4,540,567

Governmental activities. Governmental activities decreased the town's net position by \$9,302. Key elements of current year activity are as follows:

- Increase in the unrestricted intergovernmental revenues;
- Recipient of a recreational grant and CARES Act funding;
- Increased use of funding of the Powell Bill for street repairs.

Management Discussion and Analysis

Town of Stovall

Business-type activities: Business-type activities decreased the Town of Stovall's net position by \$26,642. Key elements of current year activity are as follows:

- Maintenance costs in connection with water and sewer services;
- Payment of the debt service;
- Payments of water purchase to the City of Oxford.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Stovall'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 Stovall's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Stovall. At the end of the current fiscal year, fund balance available in the General Fund was \$362,689 while total fund balance reached \$415,299. Fund balance available represents 142 percent of total General Fund expenditures, while total fund balance represents 163 percent of that same amount.

At June 30, 2021, the governmental funds of Town of Stovall reported a combined fund balance of \$415,299, a 4.33 percent increase over last year. The increase is largely due to increases in restricted (recreational grant and CARES Act funding) and unrestricted (LOST) revenues.

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

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water / Sewer Fund at the end of the fiscal year amounted to \$94,276. The total decline in net position for the fund was \$26,642. Other factors concerning the finances of this fund have already been addressed in the discussion of the town's business-type activities.

Management Discussion and Analysis

Town of Stovall

Capital Asset and Debt Administration

Capital assets. The Town of Stovall's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$ 4,250,801 (net of accumulated depreciation). These assets include buildings, land, improvements, machinery and equipment, and vehicles.

Major capital asset transactions during the year include the following additions and dispositions:

- For the governmental activities, there were no additions or dispositions noted.
- For the business-type activities, additions included an off-road vehicle. There were no dispositions noted.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 28,476	\$ 28,476	\$ 177,409	\$ 177,409	\$ 205,885	\$ 205,885
Buildings and systems	2,793	3,497	2,595,084	2,652,745	2,597,877	2,656,242
Improvements other than buildings	201,010	216,652	1,211,248	1,236,667	1,412,258	1,453,319
Furniture and equipment	-	-	10,828	14,625	10,828	14,625
Vehicles and equipment	21,911	29,611	2,042	-	23,953	29,611
Total	\$ 254,190	\$ 278,236	\$ 3,996,611	\$ 4,081,446	\$ 4,250,801	\$ 4,359,682

Additional information on the town's capital assets can be found in Note II., Section A.4 of the Basic Financial Statements.

Management Discussion and Analysis

Town of Stovall

Long-term Debt. As of June 30, 2021, the Town of Stovall had total debt outstanding of \$ 325,000. All is backed by the full faith and credit of the town.

Town of Stovall's Outstanding Debt General Obligation Bonds Figure 5

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ -	\$ -	\$ 325,000	\$ 337,500	\$ 325,000	\$ 337,500
Total	\$ -	\$ -	\$ 325,000	\$ 337,500	\$ 325,000	\$ 337,500

The Town of Stovall's total debt decreased by \$ 12,500 (3%) during the past fiscal year, primarily due to the principal payment.

The Town also has a "Due to Other Governments" of \$178,556. The Town requested assistance from Granville County and the City of Oxford of \$150,000 each to help with the water line extension. For more information, see Note II, section B.6.d on page 44 of this report.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Stovall is \$1,106,118.

Additional information regarding the Town of Stovall's long-term debt can be found in Note II., Section B.6.a, on page 42 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Recently, the Town of Stovall has completed a water line extension from the City of Oxford. This will be an asset for growth and hopefully attract some type of industry for the town.
- Recently, completed a sidewalk project that was fully funded by federal and State grants (CMAQ).
- Recently, completed overhaul maintenance of our water tank to ensure continued usage for years to come.
- Recipient of CARES Act funding.

Management Discussion and Analysis

Town of Stovall

Highlights for the Fiscal Year Ending June 30, 2022

Governmental and Business-type Activities: Property taxes (benefiting from the economic growth) are expected to increase and help finance programs currently in place. Also, the increase in the water and sewer rates for the next fiscal year will offset any major repairs or expenses expected in the future with the water and sewer system presently in use. In addition, the Town has applied for federal and State grants to help offset expenses. We will continue to closely monitor the expenses within the business-type activities (Water/Sewer Fund) and will keep expenses in line with the budget.

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 Janet C. Parrott, P.O. Box 100, Stovall, North Carolina 27582, (919)-693-4646, or email at jcp4646@yahoo.com.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF STOVALL, NORTH CAROLINA
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 340,214	\$ 83,714	\$ 423,928
Taxes receivable (net)	4,143	-	4,143
Accrued interest receivable on taxes	716	-	716
Accounts receivable (net)	4,210	27,729	31,939
Due from other governments	29,080	5,660	34,740
Internal balances	19,320	(19,320)	-
Restricted cash and cash equivalents	30,578	264,198	294,776
Total current assets	428,261	361,981	790,242
Non-current assets:			
Capital Assets (Note III.A.4):			
Land, improvements, and construction in progress	28,476	177,409	205,885
Other Capital Assets, net of depreciation	225,714	3,819,202	4,044,916
Total capital assets	254,190	3,996,611	4,250,801
Total Non-current assets	254,190	3,996,611	4,250,801
Total assets	682,451	4,358,592	5,041,043
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year	5,213	1,490	6,703
Deferred outflows related to pensions	8,299	2,372	10,671
Total deferred outflows of resources	13,512	3,862	17,374
LIABILITIES			
Current liabilities:			
Accounts payable	1,122	3,238	4,360
Accrued payroll liabilities	6,981	-	6,981
Due to other governments	-	9,096	9,096
Customer deposits	-	20,315	20,315
Current portion of long-term liabilities	-	13,000	13,000
Total Current Liabilities	8,103	45,649	53,752
Long-term liabilities			
Due in more than one year	14,451	485,591	500,042
Total liabilities	22,554	531,240	553,794
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	-	-	-
Total deferred inflows of resources	-	-	-
NET POSITION			
Net investment in capital assets	254,190	3,493,055	3,747,245
Restricted for:			
Capital Projects	-	243,883	243,883
Stabilization by State Statute	43,757	-	43,757
Streets - Powell Bill	30,578	-	30,578
Cemetery	8,853	-	8,853
Unrestricted	336,031	94,276	430,307
Total net position	\$ 673,409	\$ 3,831,214	\$ 4,504,623

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

TOWN OF STOVALL, NORTH CAROLINA

Exhibit B

Statement of Activities

For the year ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges or Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 142,395	\$ 15	\$ -	\$ -	\$ (142,380)	\$ -	\$ (142,380)	
Public safety	37,574	135	3,062	-	(34,377)	-	(34,377)	
Recreation	19,692	-	1,675	-	(18,017)	-	(18,017)	
Environmental protection	34,993	35,534	323	-	864	-	864	
Street	39,302	-	13,004	-	(26,298)	-	(26,298)	
Cemetery	4,425	1,100	-	-	(3,325)	-	(3,325)	
Fire department	2,100	-	-	-	(2,100)	-	(2,100)	
Total governmental activities	280,481	36,784	18,064	-	(225,633)	-	(225,633)	
Business-type activities:								
Water / Sewer	291,412	249,897	-	-	-	(41,515)	(41,515)	
Total business-type activities	291,412	249,897	-	-	-	(41,515)	(41,515)	
Total primary government	\$ 571,893	\$ 286,681	\$ 18,064	\$ -	(225,633)	(41,515)	(267,148)	
General revenues:								
Taxes:								
Property taxes, levied for general purpose					86,515	-	86,515	
Grants and contributions not restricted to specific programs					139,102	-	139,102	
Unrestricted investment earnings					368	301	669	
Miscellaneous					353	4,565	4,918	
Total general revenues not including transfers					226,338	4,866	231,204	
Transfers					(10,007)	10,007	-	
Total general revenues and transfers					216,331	14,873	231,204	
Change in net position					(9,302)	(26,642)	(35,944)	
Net position – beginning					682,711	3,857,856	4,540,567	
Net position – ending					\$ 673,409	\$ 3,831,214	\$ 4,504,623	

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

FUND FINANCIAL STATEMENTS

TOWN OF STOVALL, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund
ASSETS	
Cash and cash equivalents	\$ 340,214
Restricted cash and cash equivalents	30,578
Receivables:	
Taxes	4,143
Accounts	4,210
Due from other governments	29,080
Due from other funds	19,320
	<u>19,320</u>
Total assets	<u>\$ 427,545</u>
LIABILITIES	
Accounts payable	\$ 1,122
Accrued payroll liabilities	6,981
Total liabilities	<u>8,103</u>
DEFERRED INFLOWS OF RESOURCES	
Property taxes receivable	4,143
Total deferred inflows of resources	<u>4,143</u>
FUND BALANCES	
Non Spendable	
Perpetual maintenance	8,853
Restricted	
Stabilization by State Statute	43,757
Streets – Powell Bill	30,578
Unassigned	332,111
Total fund balances	<u>415,299</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 427,545</u>

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

TOWN OF STOVALL, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2021

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

Total Fund Balance, Governmental Funds	\$ 415,299
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	254,190
Net pension asset/ (liability)	(14,451)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Position	5,213
Other long-term assets (accrued interest receivable from taxes) are not available to pay current period expenditures and therefore are inflows of resources in the funds.	716
Pension related deferrals	8,299
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	<u>4,143</u>
Net position of governmental activities	<u><u>\$ 673,409</u></u>

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

TOWN OF STOVALL, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the year ended June 30, 2021

	General Fund
REVENUES	
Ad valorem taxes	\$ 87,655
Unrestricted intergovernmental	139,102
Restricted intergovernmental	18,064
Permits and fees	15
Sales and services	36,769
Investment earnings	368
Miscellaneous	353
Total Revenues	<u>282,326</u>
EXPENDITURES	
Current:	
General government	129,254
Public safety	37,392
Recreation	7,628
Environmental protection	34,993
Streets	39,302
Cemetery	4,425
Fire department	2,100
Total expenditures	<u>255,094</u>
Excess (deficiency) of revenues over expenditures	<u>27,232</u>
OTHER FINANCING SOURCES (USES)	
Transfer out to:	
Water / Sewer Fund (Note II.B.6.c)	<u>(10,007)</u>
Total other financing sources (uses)	<u>(10,007)</u>
Net change in fund balances	17,225
Fund balances – beginning	398,074
Fund balances – ending	<u><u>\$ 415,299</u></u>

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

TOWN OF STOVALL, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the year ended June 30, 2021

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

Net changes in fund balances - total government funds	\$ 17,225
<p>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 depreciation exceeded capital outlay in the current period.</p>	
Capital outlay expenditures which were capitalized	-
Depreciation expense for governmental assets	(24,046)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	5,213
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Change in accrued interest receivable on taxes	(148)
Change in unavailable revenue for tax revenues	(992)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Pension expense	<u>(6,554)</u>
Total changes in net position of governmental activities	<u><u>\$ (9,302)</u></u>

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

TOWN OF STOVALL, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual for the year ended June 30, 2021

	General Fund			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 87,250	\$ 86,954	\$ 87,655	\$ 701
Unrestricted intergovernmental	111,300	139,055	139,102	47
Restricted intergovernmental	14,071	17,711	18,064	353
Permits and fees	30	30	15	(15)
Sales and services	35,960	38,595	36,769	(1,826)
Investment earnings	100	650	368	(282)
Miscellaneous	-	430	353	(77)
Total revenues	<u>248,711</u>	<u>283,425</u>	<u>282,326</u>	<u>(1,099)</u>
Expenditures:				
Current:				
General government	136,483	138,899	129,254	9,645
Public safety	38,168	38,694	37,392	1,302
Recreation	6,320	7,871	7,628	243
Environmental protection	31,400	35,400	34,993	407
Streets	20,071	45,112	39,302	5,810
Cemetery	4,130	4,425	4,425	-
Fire department	2,100	2,100	2,100	-
Contingencies	32	917	-	917
Total expenditures	<u>238,704</u>	<u>273,418</u>	<u>255,094</u>	<u>18,324</u>
Revenues over (under) expenditures	<u>10,007</u>	<u>10,007</u>	<u>27,232</u>	<u>17,225</u>
Other financing sources (uses):				
Transfers out to:				
Water / Sewer Fund (Note II.B.6.c)	<u>(10,007)</u>	<u>(10,007)</u>	<u>(10,007)</u>	<u>-</u>
Total other financing sources (uses)	<u>(10,007)</u>	<u>(10,007)</u>	<u>(10,007)</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>17,225</u>	<u>\$ 17,225</u>
Fund balances – beginning of year			<u>398,074</u>	
Fund balances – end of year			<u>\$ 415,299</u>	

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

TOWN OF STOVALL, NORTH CAROLINA
Statement of Fund Net Position
Proprietary Funds
June 30, 2021

	Water / Sewer Fund
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 83,714
Accounts receivable (net)	27,729
Due from other governments	5,660
Restricted cash and cash equivalents	264,198
Total current assets	<u>381,301</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	177,409
Other capital assets, net of depreciation	3,819,202
Capital assets (net)	<u>3,996,611</u>
Total noncurrent assets	<u>3,996,611</u>
Total assets	<u>4,377,912</u>
DEFERRED OUTFLOWS OF RESOURCES	
Contributions to pension plan in current fiscal year	1,490
Deferred outflows related to pensions	2,372
Total deferred outflows of resources	<u>3,862</u>
LIABILITIES	
Current liabilities:	
Accounts payable	3,238
Due to other funds	19,320
Due to other governments	9,096
Customer deposits	20,315
General obligation bonds	13,000
Total current liabilities	<u>64,969</u>
Other noncurrent liabilities:	
Net pension liability	4,131
Due to other governments	169,460
General obligation bonds	312,000
Total noncurrent liabilities	<u>485,591</u>
Total liabilities	<u>550,560</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	-
Total deferred inflows of resources	<u>-</u>
NET POSITION	
Net investment in capital assets	3,493,055
Restricted for Capital Projects	243,883
Unrestricted	94,276
Total net position	<u>\$ 3,831,214</u>

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

TOWN OF STOVALL, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2021

	Water / Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 247,397
Taps and connection fees	-
Reconnection fees	2,500
Total operating revenues	<u>249,897</u>
OPERATING EXPENSES	
Water / Sewer expenses	188,889
Depreciation	87,335
Total operating expenses	<u>276,224</u>
Operating income (loss)	<u>(26,327)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	301
Returned checks	30
Insurance claim	4,500
Miscellaneous nonoperating income	35
Interest and other charges	(15,188)
Total nonoperating revenue (expenses)	<u>(10,322)</u>
Income (loss) before contributions and transfers	(36,649)
Transfers in from General Fund (Note II.B.6.c)	<u>10,007</u>
Change in net position	(26,642)
Total net position – beginning	<u>3,857,856</u>
Total net position – ending	<u><u>\$ 3,831,214</u></u>

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

TOWN OF STOVALL, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2021

	Water / Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 239,821
Cash paid for goods and services	(146,285)
Cash paid to employees	(43,331)
Cash paid for sales tax	(1,613)
Cash deposits received	3,670
Cash deposits returned	(2,140)
Other operating revenue	2,500
Net cash provided (used) by operating activities	<u>52,622</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Insurance claim used to offset major repairs	4,500
Changes in due to other funds (net)	2,332
Returned check nonoperating income	30
Other miscellaneous nonoperating revenue	35
Net cash provided (used) by noncapital financing activities	<u>6,897</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on bonds	(12,500)
Payment on amounts due to other governments	(7,596)
Acquisition of capital assets	(2,500)
Interest paid on bonds	(15,188)
Net cash provided (used) by capital and related financing activities	<u>(37,784)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	<u>301</u>
Net increase (decrease) in cash and cash equivalents	<u>22,036</u>
Balances – beginning of the year	<u>325,876</u>
Balances – end of the year	<u><u>\$ 347,912</u></u>

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

TOWN OF STOVALL, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2021

	<u>Water / Sewer Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	<u>\$ (26,327)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	87,335
Changes in assets and liabilities:	
(Increase) Decrease in accounts receivable	(7,576)
(Increase) Decrease in due from other governments	(1,613)
(Increase) Decrease in deferred outflows of resources for pension	2,130
Increase (Decrease) in net pension liability	(1,648)
Increase (Decrease) in deferred inflows of resources for pension	-
Increase (Decrease) in accounts payable	(1,209)
Increase (Decrease) in customer deposits	<u>1,530</u>
Total adjustments	<u>78,949</u>
Net cash provided (used) by operating activities	<u><u>\$ 52,622</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Stovall and its discretely presented component unit 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 Stovall is a municipal corporation which is governed by an elected mayor and a five-member council.

B. Component Unit

The accompanying financial statements present the Town's primary government. The Town has no component units over which it is financially accountable.

C. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Any remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The Town reports the following major governmental fund:

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

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

The Town reports the following major proprietary fund:

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

D. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Financial Statements: The government-wide and proprietary financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

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 are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Stovall because the tax is levied by the 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 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's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

E. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are held primarily in securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's Share price. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. The NCCMT Term Portfolio is reported at fair value.

2. Cash and Cash Equivalents

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

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

3. Restricted Assets

The unexpended capital contribution received in the business-type activities is classified as a restricted asset because its use is completely restricted to the purpose for which Granville County gave it. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also 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.

Town of Stovall's Restricted Cash

Governmental Activities

General Fund:		
Powell Bill	Streets	\$ 30,578
Total Governmental Activities		<u>30,578</u>

Business-type Activities

Water Fund	Customer Deposits	20,315
Water Fund	Unexpended – Capital Contribution	<u>243,883</u>
Total Business-type Activities		<u>264,198</u>
Total Restricted Cash		<u>\$ 294,776</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1; however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020.

5. Allowance for Doubtful Accounts

The Town does not maintain an allowance for doubtful accounts on its taxes or accounts receivable. These amounts are considered to be immaterial. Uncollectible accounts are written off using the direct write off method.

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 with an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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.

As a part of the implementation of GASB 34, the Town is not required to retroactively report any infrastructure networks.

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

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Building Improvements	25
Land and Other Improvements	20
Water structures, lines, wells, etc.	67
Vehicles	5
Furniture and equipment	10
Computer equipment	3

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 has two items that meet this criterion – contributions made to the pension plan in the 2021 fiscal year and pension related deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period, and so will not be recognized as revenue until then. The Town has two items that meet this criterion for this category – pension related deferrals for the 2021 fiscal year and property taxes receivable.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities, or proprietary fund type statement of net position.

9. Compensated Absences

The vacation policies of the Town provide no provision for the accumulation of earned vacation leave. Therefore, no accumulated earned vacation is reflected in the statements. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

The governmental fund types classify fund balances as follows:

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

Perpetual maintenance – Cemetery resources that are required to be retained in perpetuity maintenance for the cemetery.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute: North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature 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 state 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.

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

Committed Fund Balance – portion of fund balance that can only be used for specific purpose imposed by majority vote by quorum of the Town Council of the Town of Stovall. Any changes or removal of specific purpose requires majority action by the governing body.

Assigned Fund Balance – portion of fund balance that the Town of Stovall intends to use for a specific purpose.

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 Stovall operates in accordance with State law [G.S. 159-13(b)(16)] restricting appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred inflows of resources arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

11. Pensions

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

II. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are collateralized by using the pooling method. 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 noninterest 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 undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount of \$707,920 and a bank balance of \$717,280. Of the bank balance, \$463,320 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town had petty cash of \$200.

2. Investments

At June 30, 2021, the Town of Stovall had \$10,784 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk of its investments.

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

3. Receivables

The following is a schedule of receivables as of June 30, 2021:

Government Activities:

General Fund

Accounts receivable	
Refuse collection fees	\$ 4,182
Miscellaneous receivable	<u>28</u>
Total accounts receivable	<u>\$ 4,210</u>

Due from other governments	
Utility tax distributions	\$ 3,195
Local option sales tax receivable	21,350
Ad valorem collection remittances receivable	1,718
Refundable sales and use tax receivable	2,422
Solid waste tax receivable	80
ABC net revenues receivable	<u>315</u>
Total due from other governments	<u>\$ 29,080</u>

Business-type Activities:

Water/Sewer Fund

Accounts receivable	
Water billings	\$ 16,090
Sewer billings	<u>11,639</u>
Total accounts receivable	<u>\$ 27,729</u>

Due from other governments	
Refundable sales and use tax receivable	<u>\$ 5,660</u>

TOWN OF STOVALL, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2021

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 28,476	\$ -	\$ -	\$ 28,476
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>28,476</u>	<u>-</u>	<u>-</u>	<u>28,476</u>
Capital assets being depreciated:				
Buildings	33,334	-	-	33,334
Other improvements	402,209	-	-	402,209
Equipment and vehicles	171,497	-	-	171,497
Total capital assets being depreciated	<u>607,040</u>	<u>-</u>	<u>-</u>	<u>607,040</u>
Less accumulated depreciation for:				
Buildings	29,837	704	-	30,541
Other improvements	185,557	15,643	-	201,200
Equipment and vehicles	141,886	7,699	-	149,585
Total accumulated depreciation	<u>357,280</u>	<u>24,046</u>	<u>-</u>	<u>381,326</u>
Total capital assets being depreciated, net	<u>249,760</u>			<u>225,714</u>
Governmental activity capital assets, net	<u><u>\$ 278,236</u></u>			<u><u>\$ 254,190</u></u>

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

General government	\$ 11,800
Public safety	182
Recreation	12,064
	<u>\$ 24,046</u>

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Business-type activities:</u>				
Capital assets associated with Water activities:				
Capital assets not being depreciated:				
Land	\$ 18,922	\$ -	\$ -	\$ 18,922
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>18,922</u>	<u>-</u>	<u>-</u>	<u>18,922</u>
Capital assets being depreciated:				
Buildings	10,803	-	-	10,803
Land improvements	1,090	-	-	1,090
Distribution system	1,725,673	-	-	1,725,673
Motor vehicles	6,695	2,500	-	9,195
Furniture and equipment	23,274	-	-	23,274
Total capital assets being depreciated	<u>1,767,535</u>	<u>2,500</u>	<u>-</u>	<u>1,770,035</u>

TOWN OF STOVALL, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2021

	Beginning Balances	Increases	Decreases	Ending Balances
Less accumulated depreciation for:				
Buildings	\$ 6,664	\$ 400	\$ -	\$ 7,064
Land improvements	690	54	-	744
Distribution system	492,708	25,293	-	518,001
Motor vehicles	6,695	458	-	7,153
Furniture and equipment	22,037	280	-	22,317
Total accumulated depreciation	528,794	26,485	-	555,279
Total capital assets being depreciated, net	1,238,741			1,214,756
Capital assets, net	1,257,663			1,233,678
Capital assets associated with Sewer activities:				
Capital assets not being depreciated:				
Land	158,487	-	-	158,487
Construction in progress	-	-	-	-
Total capital assets not being depreciated	158,487	-	-	158,487
Capital assets being depreciated:				
Buildings	3,836,481	-	-	3,836,481
Land improvements	4,800	-	-	4,800
Motor vehicles	46,000	-	-	46,000
Furniture and equipment	86,872	-	-	86,872
Total capital assets being depreciated	3,974,153	-	-	3,974,153
Less accumulated depreciation for:				
Buildings	1,187,876	57,261	-	1,245,137
Land improvements	1,499	71	-	1,570
Motor vehicles	46,000	-	-	46,000
Furniture and equipment	73,482	3,518	-	77,000
Total accumulated depreciation	1,308,857	60,850	-	1,369,707
Total capital assets being depreciated, net	2,665,296			2,604,446
Capital assets, net	2,823,783			2,762,933
Combined Water/Sewer Totals:				
Capital assets not being depreciated	177,409	-	-	177,409
Capital assets being depreciated	5,741,688	2,500	-	5,744,188
Less accumulated depreciation	1,837,651	87,335	-	1,924,986
Total capital assets being depreciated, net	3,904,037	89,835	-	3,819,202
Capital assets, net	\$4,081,446			\$3,996,611

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

B. Liabilities

1. Pension Plan Obligations

Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Stovall employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Town of Stovall's contractually required contribution rate for the year ended June 30, 2021, was 10.15% of compensation for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Stovall were \$6,703 for the year ended June 30, 2021. Total amount payable to the plan by the employer for the year ended June 30, 2021 was \$1,052.

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

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

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

At June 30, 2021, the Town reported a liability of \$18,582 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.00052%, which was a decrease of 0.00009% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$8,527. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,347	\$ -
Changes of assumptions	1,383	-
Net difference between projected and actual earnings on pension plan investments	2,615	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	4,326	-
Town contributions subsequent to the measurement date	<u>6,703</u>	<u>-</u>
	<u>\$ 17,374</u>	<u>\$ -</u>

\$6,703 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 3,657
2023	3,855
2024	2,383
2025	776
2026	-
Thereafter	-

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through the review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 37,700	\$ 18,582	\$ 2,693

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

Law Enforcement Officers Special Separation Allowance. The Town has no full-time law enforcement officers.

2. **Other Employment Benefits**

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

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

For the fiscal year ended June 30, 2021, the Town made contributions to the State for death benefits of \$489. The Town's required contributions for employees represented 0.74% of covered payroll.

3. Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 6,703
Deferred outflows related to pensions	10,671

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

<u>Source</u>	<u>Amount</u>
Deferred inflows related to pensions	\$ -
Ad valorem taxes receivable (General Fund)	4,143

4. 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 has purchased insurance coverage through a commercial insurance agency and is provided with the following types of major coverage: general liability (\$300,000), property (\$100,000 per occurrence), and workers' compensation (\$100,000 per occurrence). The Town carries no flood insurance. The Town has decided the cost of flood insurance outweighs the risk of not having flood insurance.

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

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.

5. Claims, Judgments, and Contingent Liabilities

None

6. Long-Term Obligations

a. General Obligation Indebtedness

The Town's general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported in the Water / Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

Bonds payable at June 30, 2021, are comprised of the following individual issues:

Serviced by the Water / Sewer Fund

\$ 504,000 – 1999 sewer serial bonds due in annual installments ranging from \$ 6,000 to \$ 24,000 through June 1, 2038; interest at 4.50%
 Payable to USDA for sewer improvements. \$ 325,000

Total General Obligation Bonds \$ 325,000

At June 30, 2021, the Town of Stovall had a legal debt margin of \$ 1,106,118.

Annual debt service requirements to maturity for general obligation bonds as follows:

<u>Business-Type Activities</u>			
Year ending			
June 30,	Principal	Interest	Total
2022	\$ 13,000	\$ 14,625	\$ 27,625
2023	14,000	14,040	28,040
2024	14,500	13,410	27,910
2025	15,000	12,758	27,758
2026	16,000	12,083	28,083
2027-2031	91,000	49,005	140,005
2032-2036	113,500	26,528	140,028
2037-2038	48,000	3,240	51,240
-	-	-	-
	<u>\$ 325,000</u>	<u>\$ 145,689</u>	<u>\$ 470,689</u>

b. Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Net pension liability (LGERS)	<u>\$ 10,880</u>	<u>\$ 3,571</u>	<u>\$ -</u>	<u>\$ 14,451</u>	<u>\$ -</u>
Business-type activities:					
<u>Water/Sewer Fund</u>					
General obligation bonds	\$ 337,500	\$ -	\$ 12,500	\$ 325,000	\$ 13,000
Due to other governments	186,152	-	7,596	178,556	9,096
Net pension liability (LGERS)	<u>5,779</u>	<u>-</u>	<u>1,648</u>	<u>4,131</u>	<u>-</u>
Total long-term liabilities	<u>\$ 529,431</u>	<u>\$ -</u>	<u>\$ 21,744</u>	<u>\$ 507,687</u>	<u>\$ 22,096</u>

c. Interfund Balances and Activities

Balances due to/from other funds at June 30, 2021 consist of the following:

Due to the General Fund from the Water/Sewer
 Fund for the purpose of administrative support \$ 19,320

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

In 2008, the Town's Board of Commissioners voted to forgive the Water/Sewer fund's debt owed to the General Fund over a period of fifteen years. The annual amount of forgiveness totals \$10,007, with a grand total of forgiveness of \$150,105.

Transfer to/from other funds at June 30, 2021 consist of the following:

From the General Fund to the Water / Sewer Fund	\$ 10,007
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During the 2021 fiscal year, the Town made a transfer from the General Fund to the Water/Sewer Fund to facilitate the annual forgiveness of interfund debt, as disclosed above.

d. Due to Other Governments

Balances due to other governments at June 30, 2021 consist of the following:

Granville County, North Carolina	\$ 141,750
City of Oxford, North Carolina	<u>36,806</u>
Total	<u>\$ 178,556</u>

The Town of Stovall requested assistance from the County of Granville and the City of Oxford in completing the Water Line Extension project. Both provided \$150,000 with an agreement of repayment until the capital contribution is repaid. The Town agrees to establish and charge a "water availability surcharge" of no less than \$750 for each new customers. The Town agrees to remit these surcharges collections to Granville County within thirty (30) days of collection and to the City of Oxford on an annual basis. In addition, the Town is to collect monthly from each of its water customers (existing and new) the sum of three dollars (\$3) per month per user as a "monthly user surcharge" and shall be paid to the City of Oxford monthly.

C. Fund Balance

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

<u>Total Fund Balance—General Fund</u>	<u>\$ 415,299</u>
Less:	
Perpetual maintenance	8,853
Stabilization by State Statute	43,757
Streets – Powell Bill	30,578
Remaining Fund Balance	332,111

III. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

TOWN OF STOVALL, NORTH CAROLINA
Notes to the Financial Statements
June 30, 2021

IV. Significant Effects of Subsequent Events

The Town has evaluated events and transactions that occurred between June 30, 2021 and January 14, 2022, which is the date the financial statements were available to be issued, for possible disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF STOVALL
Local Government Employees' Retirement System
Required Supplementary Information
Last Eight Fiscal Years*

Schedule of the Proportionate Share of Net Pension Liability (Asset)								
	2021	2020	2019	2018	2017	2016	2015	2014
Town of Stovall's proportion of the net pension liability (asset) (%)	0.00052%	0.00061%	0.00072%	0.00081%	0.00091%	0.00100%	0.00104%	0.00100%
Town's proportion of the net pension liability (asset) (\$)	\$ 18,582	\$ 16,659	\$ 17,081	\$ 12,375	\$ 19,313	\$ 4,488	\$ (6,134)	\$ 12,054
Town's covered-employee payroll	\$ 77,150	\$ 87,173	\$ 90,281	\$ 90,281	\$ 89,337	\$ 87,595	\$ 83,491	\$ 78,945
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	24.09%	19.11%	18.92%	13.71%	21.62%	5.12%	-7.35%	15.27%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

** This will be the same percentage for all participant employers in the LGERS plan.

Schedule of Contributions								
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 6,703	\$ 6,905	\$ 6,756	\$ 6,771	\$ 6,545	\$ 5,959	\$ 6,605	\$ 6,262
Contributions in relation to the contractually required contribution	6,703	6,905	6,756	6,771	6,545	5,959	6,605	6,262
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Stovall's covered-employee payroll	\$ 66,038	\$ 77,150	\$ 87,173	\$ 90,281	\$ 90,281	\$ 89,337	\$ 87,595	\$ 83,491
Contributions as a percentage of covered-employee payroll	10.15%	8.95%	7.75%	7.50%	7.25%	6.67%	7.54%	7.50%

INDIVIDUAL FUND FINANCIAL STATEMENTS

TOWN OF STOVALL, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual for the year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 88,409	\$
Penalties and interest		844	
Collection costs		(1,598)	
Total	<u>86,954</u>	<u>87,655</u>	<u>701</u>
Unrestricted intergovernmental:			
Local option sales taxes	121,111	120,991	(120)
Beer and wine tax	1,804	1,804	-
Utility sales distributions	14,915	15,047	132
ABC Profit Distribution	1,225	1,260	35
Total	<u>139,055</u>	<u>139,102</u>	<u>47</u>
Restricted intergovernmental:			
Powell Bill allocation	13,004	13,004	-
Recreational grant	1,625	1,675	50
CARES Act funding	2,762	3,062	300
Solid waste disposal tax	320	323	3
Total	<u>17,711</u>	<u>18,064</u>	<u>353</u>
Permits and fees:			
Store permits	30	15	(15)
Total	<u>30</u>	<u>15</u>	<u>(15)</u>
Sales and Services:			
Sale of cemetery plots	1,700	1,100	(600)
Zoning	500	505	5
Sanitary landfill participation	36,260	35,029	(1,231)
Police tickets	135	135	-
Total	<u>38,595</u>	<u>36,769</u>	<u>(1,826)</u>
Investment earnings	<u>650</u>	<u>368</u>	<u>(282)</u>
Miscellaneous:			
Miscellaneous	430	353	(77)
Total	<u>430</u>	<u>353</u>	<u>(77)</u>
Total Revenues	<u>283,425</u>	<u>282,326</u>	<u>(1,099)</u>

TOWN OF STOVALL, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual for the year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General Government:			
Governing Body:			
Salaries	\$ 55,324	\$ 58,271	\$ (2,947)
Commissioners	9,595	7,000	2,595
FICA expense	4,967	4,825	142
Retirement	5,592	5,593	(1)
Unemployment	100	66	34
Telephone and postage	3,500	3,326	174
Utilities	14,000	11,629	2,371
Travel	150	87	63
Repairs and maintenance	2,100	1,468	632
Supplies	3,171	3,284	(113)
Insurance	28,370	25,525	2,845
Dues and subscriptions	1,640	1,633	7
Advertising	430	430	-
Professional	9,525	5,575	3,950
Capital outlay	-	-	-
Miscellaneous	435	542	(107)
Total General Government	<u>138,899</u>	<u>129,254</u>	<u>9,645</u>
Public Safety:			
Police:			
Salaries	29,238	28,406	832
Salaries (CARES Act)	2,762	3,062	(300)
FICA expense	2,448	2,361	87
Maintenance and repairs	2,182	2,163	19
Uniforms	125	124	1
Miscellaneous	525	-	525
Gasoline	780	780	-
Capital outlay	-	-	-
Departmental supplies	634	496	138
Total Public Safety	<u>38,694</u>	<u>37,392</u>	<u>1,302</u>
Recreation:			
Recreation - mowing	3,020	3,020	-
Recreation - insurance	712	712	-
Recreation - utilities	1,000	757	243
Supplies	3,139	3,139	-
Capital outlay	-	-	-
Total Recreation	<u>7,871</u>	<u>7,628</u>	<u>243</u>
Environmental Protection:			
Sanitation:			
Garbage expense	35,400	34,993	407
Total Environmental Protection	<u>35,400</u>	<u>34,993</u>	<u>407</u>

TOWN OF STOVALL, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual for the year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Streets:			
Contracted services	\$ 11,519	\$ 10,794	\$ 725
Supplies	1,350	-	1,350
Repairs and maintenance	32,243	28,508	3,735
Total Streets	<u>45,112</u>	<u>39,302</u>	<u>5,810</u>
Cemetery	<u>4,425</u>	<u>4,425</u>	<u>-</u>
Fire department	<u>2,100</u>	<u>2,100</u>	<u>-</u>
Contingencies	<u>917</u>	<u>-</u>	<u>917</u>
Total Expenditures	<u>273,418</u>	<u>255,094</u>	<u>18,324</u>
Revenues Over (Under) Expenditures	<u>10,007</u>	<u>27,232</u>	<u>17,225</u>
Other financing sources (uses):			
Operating transfer out: (Note II.B.6.c)			
Water / Sewer Fund	<u>(10,007)</u>	<u>(10,007)</u>	<u>-</u>
Total Other Financing Sources	<u>(10,007)</u>	<u>(10,007)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u><u>\$ -</u></u>	<u><u>\$ 17,225</u></u>	<u><u>\$ 17,225</u></u>
Fund balances:			
Beginning of Year, July 1		<u>398,074</u>	
End of Year, June 30		<u><u>\$ 415,299</u></u>	

TOWN OF STOVALL, NORTH CAROLINA
Water / Sewer Fund
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
For the year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charge for services:			
Water sales and sewer services	\$ 244,957	\$ 247,397	\$ 2,440
Taps and connection fees	-	-	-
Reconnection fees	2,500	2,500	-
Total operating revenues	<u>247,457</u>	<u>249,897</u>	<u>2,440</u>
Nonoperating revenues:			
Interest earnings	200	301	101
Insurance claim	4,500	4,500	-
Returned checks	30	30	-
Miscellaneous nonoperating revenues	35	35	-
Total nonoperating revenues	<u>4,765</u>	<u>4,866</u>	<u>101</u>
Total Revenues	<u>252,222</u>	<u>254,763</u>	<u>2,541</u>
Expenditures:			
Salaries	40,670	40,325	345
FICA expense	3,061	3,006	55
Retirement	1,599	1,599	-
Insurance	11,687	11,687	-
Postage	1,200	1,015	185
Professional services	5,575	5,575	-
Gasoline	824	825	(1)
Vehicle maintenance	95	95	-
Travel	600	384	216
Dues and subscriptions	285	285	-
Miscellaneous	20	20	-
Contracted services	20,100	22,382	(2,282)
Chemicals	722	722	-
Supplies	1,126	1,126	-
Maintenance and supplies	23,659	22,087	1,572
Maintenance to building / equipment	8,495	8,495	-
Permits	1,730	1,730	-
Utilities	4,000	3,733	267
Capital outlay	2,500	2,500	-
Water purchase	65,988	65,488	500
Water / sewer testing	<u>7,044</u>	<u>5,424</u>	<u>1,620</u>
Operating expenditures	<u>200,980</u>	<u>198,503</u>	<u>2,477</u>

TOWN OF STOVALL, NORTH CAROLINA
Water / Sewer Fund
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)
For the year ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt service:			
Interest	\$ 15,188	\$ 15,188	\$ -
Principal retirement	12,500	12,500	-
Total debt service	<u>27,688</u>	<u>27,688</u>	<u>-</u>
Contingencies	<u>33,561</u>	<u>-</u>	<u>33,561</u>
Total Expenditures	<u>262,229</u>	<u>226,191</u>	<u>36,038</u>
Revenues Over (Under) Expenditures	<u>(10,007)</u>	<u>28,572</u>	<u>38,579</u>
Other financing sources (uses):			
Operating transfers in: (Note II.B.6.c)			
General Fund	<u>10,007</u>	<u>10,007</u>	<u>-</u>
Total other financing sources (uses)	<u>10,007</u>	<u>10,007</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 38,579</u>	<u>\$ 38,579</u>

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

Excess of Revenues Over (Under) Expenditures	\$ 38,579
Reconciling items:	
Payment of debt principal	12,500
Payment on amounts due to other governments	7,596
Purchase of fixed assets	2,500
Contributions to the pension plan in the current year	1,490
Pension expense	(1,972)
Depreciation	<u>(87,335)</u>
Net Income (Loss)	<u>\$ (26,642)</u>

ADDITIONAL SUPPLEMENTARY INFORMATION

TOWN OF STOVALL, NORTH CAROLINA
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Fiscal Year	Uncollected Balance 6/30/2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 87,656	\$ 85,109	\$ 2,547
2019-2020	2,464	-	1,939	525
2018-2019	1,497	-	1,099	398
2017-2018	477	-	371	106
2016-2017	155	-	49	106
2015-2016	84	-	6	78
2014-2015	53	-	-	53
2013-2014	101	-	-	101
2012-2013	229	-	-	229
2011-2012	74	-	74	-
	<u>\$ 5,134</u>	<u>\$ 87,656</u>	<u>\$ 88,647</u>	<u>\$ 4,143</u>

Reconcilement with revenues:

Ad valorem taxes—General Fund	\$ 87,655
Reconciling items:	
Penalties and interest	(844)
Collection costs	1,598
Releases and discount allowed	63
Refunds	101
Taxes written off	74
Total Collection and Credits	<u>\$ 88,647</u>

TOWN OF STOVALL, 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 year's rate	\$ 17,218,367	0.0049	\$ 84,370	\$ 70,216	\$ 14,154
Penalties	-		-	-	-
Total	17,218,367		84,370	70,216	14,154
Discoveries:					
Current year taxes	670,612		3,286	3,286	-
Abatements	-		-	-	-
Total property valuation	<u>\$ 17,888,979</u>				
Net levy			87,656	73,502	14,154
Uncollected taxes at June 30, 2021			(2,547)	(2,547)	-
Current year's taxes collected			<u>\$ 85,109</u>	<u>\$ 70,955</u>	<u>\$ 14,154</u>
Current levy collection percentage			<u>97.09%</u>	<u>96.53%</u>	<u>100.00%</u>