

SOUTH GRANVILLE MEMORIAL GARDENS

ANNUAL FINANCIAL REPORT



**FOR YEAR ENDED
JUNE 30, 2020**

SOUTH GRANVILLE MEMORIAL GARDENS
BUTNER, NORTH CAROLINA

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2020

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**South Granville Memorial Gardens
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June 30, 2020**

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FINANCIAL SECTION

Independent Auditor's Report

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R. Bryon Scott, CPA
Gregory S. Adams, CPA**

Independent Auditor's Report

To the Board of Trustees
South Granville Memorial Gardens
Oxford, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of South Granville Memorial Gardens - a component unit of Granville County, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise South Granville Memorial Gardens' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of South Granville Memorial Gardens, as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3-8 be presented to supplement the basic financial statements. Such information although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods for 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.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.

Whiteville, NC

December 8, 2020

Management's Discussion and Analysis

As management of the South Granville Memorial Gardens (SGMG), we offer readers of the SGMG financial statements this narrative overview and analysis of the financial activities for the period July 1, 2018 through June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the SGMG's financial statements, which follow this narrative.

Financial Highlights

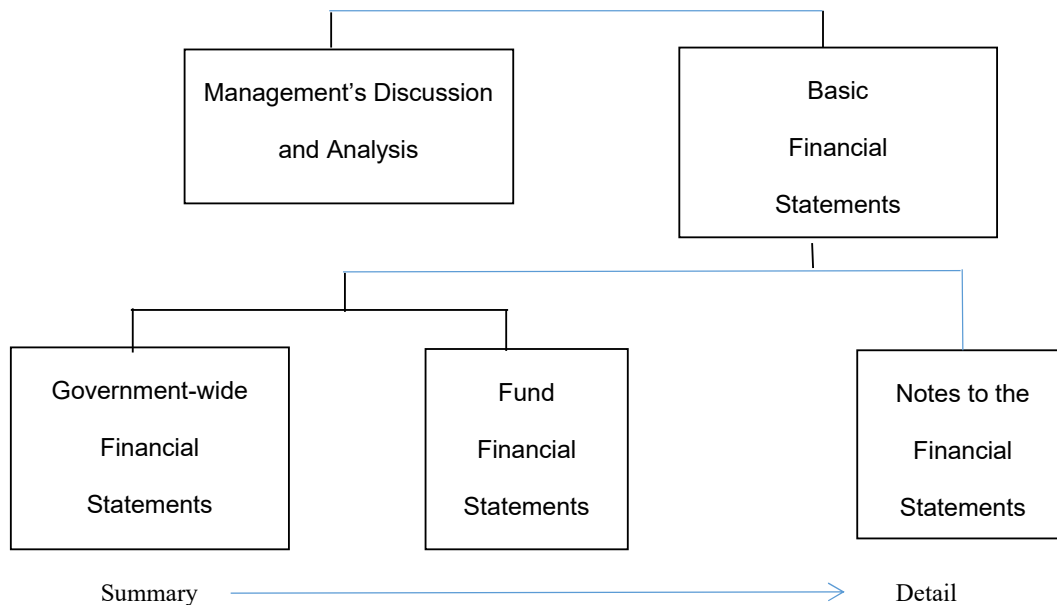
- For the period ended June 30, 2020, the net position of SGMG totaled \$339,505.
- Plot sales are the largest revenue source for the Memorial Gardens and account for 41.06% of total revenues.
- SGMG revenues exceeded expenditures during the fiscal year by \$1,206 and expenditures for the year totaled \$62,724.
- For the period ended June 30, 2020 SGMG had a total unassigned fund balance of \$13,329.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the South Granville Memorial Garden's basic financial statements. The SGMG's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the SGMG through the use of government-wide statements and fund financial statements.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The next section of the basic financial statements is the **Notes to the Financial Statements**. The Notes explain in detail some of the data contained in those statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the South Granville Memorial Garden'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 SGMG's financial status as a whole.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the SGMG'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 SGMG, 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 of North Carolina or the SGMG's budget ordinance. Currently, the SGMG only maintains a General Fund.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Currently, the SGMG's activities are accounted for in one governmental fund, the General Fund. This fund focuses on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the SGMG's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is required to be described in a reconciliation that is a part of the fund financial statements. That reconciliation is shown at the bottom of Exhibit 3 on page 14.

The South Granville Memorial Gardens adopts an annual budget for its General Fund, as required by the North Carolina General Statutes. The budget is a legally adopted document that incorporates input from the Board members about which operational changes or capital improvements to undertake. The budgetary statement provided for the General Fund demonstrates how well the SGMG complied with the budget ordinance and whether or not the SGMG succeeded in maintaining the cemetery 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 SGMG's Board members, 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. There were no differences between the budgetary basis of accounting and the modified accrual basis; thus, a reconciliation showing the differences in the reported activities is not shown at the end of the budgetary statement.

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 pages 14-23 of this report.

Government-Wide Financial Analysis

**South Granville Memorial Garden's Net Position
Figure 2**

	Governmental Activities	
	2020	2019
Current Assets	\$ 265,423	\$ 263,113
Capital assets	75,548	78,086
Total assets & deferred outflows	<u>\$ 340,971</u>	<u>\$ 341,199</u>
Liabilities	\$ 866	\$ 2,300
Deferred inflows of resources	600	600
Total liabilities & deferred inflows	<u>1,466</u>	<u>2,900</u>
Net Position:		
Net investment in capital assets	75,548	78,086
Restricted	124,293	124,465
Unrestricted	139,664	135,748
Total net position	<u>\$ 339,505</u>	<u>\$ 338,299</u>

As noted earlier, net position may serve over time as one useful indicator of the Memorial Garden's financial condition. The assets and deferred outflows of the SGMG exceeded liabilities and deferred inflows by \$339,505 as of June 30, 2020. Forty-one percent (41.14%) of the South Granville Memorial Garden's net position represent resources that are unrestricted in how they may be used for the operations and up-keep of the Memorial Garden's and other related activities.

South Granville Memorial Garden's Changes in Net position
Figure 3

	Governmental Activities	
	2020	2019
Revenues		
General Revenues:		
Charges for Services	\$ 62,282	\$ 57,229
Capital Grants and Contributions	-	-
Interest earned on investments	1,648	2,413
Total revenues	63,930	59,642
Expenses:		
Operations and Administration	62,724	50,551
Total expenses	62,724	50,551
 Increase/(decrease) in net position	 1,206	 9,091
Net position, beginning	338,299	329,208
Net position, ending	\$ 339,505	\$ 338,299

Governmental activities - Governmental activities increased the South Granville Memorial Garden's net position by \$1,206. Key elements of this increase are as follows:

- Revenues were up and expenses were up compared to the prior year.
- Expenses increased by \$12,173.

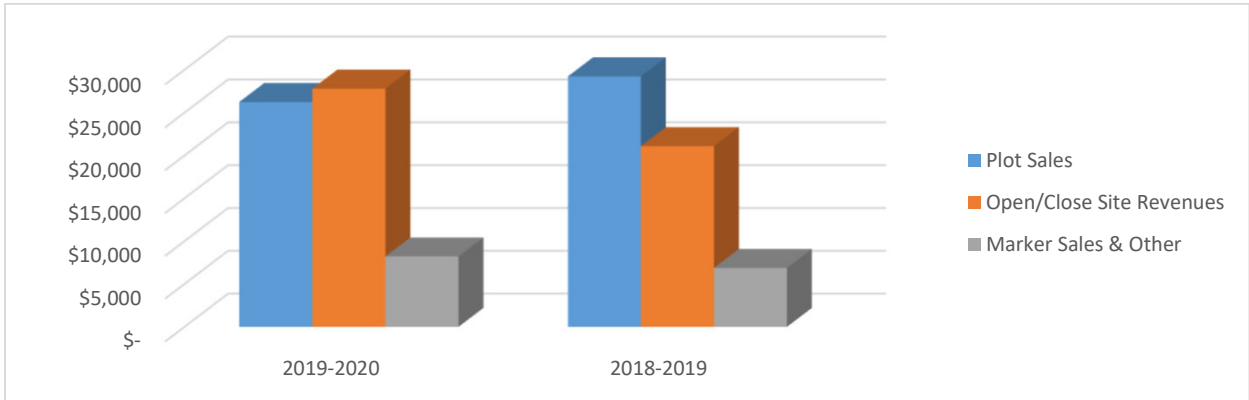
Financial Analysis of the Authority's Funds

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

Governmental Funds - The focus of the South Granville Memorial Garden's governmental fund is to provide operations and administration at the South Granville Memorial Gardens. Such information is useful in assessing the SGMG's funding requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the only fund of the SGMG. Revenues from plot sales represent the primary revenue source for the Memorial Gardens and fund the majority of the annual maintenance of the grounds (See Figure 4). Revenues for grave site opening & closing represent the second largest revenue source; however these are offset by associated expenditures. Maintenance of the grounds accounts for the majority of the organization's annual expenditures.

General Fund Revenue Sources - Figure 4



At the end of the period July 1, 2019 through June 30, 2020, unassigned fund balance of the General Fund was \$13,329, while total fund balance was \$263,957. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 22.15% of total General Fund expenditures. This is due to the fund balance that has been appropriated in next year's budget as well as fund balance that has been committed to the perpetual care fund.

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.

Budget amendments were presented during the year to adjust the estimates used to prepare the original budget ordinance to better reflect operational expenditures. The budget adjustment decreased total budgeted revenues and expenditures and served to reallocate categorical amounts during the year. The original and final budgets can be reviewed on Exhibit 5 on page 16.

Capital Assets

	<u>Useful Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Land	N/A	\$ 39,534	\$ -	\$ 39,534
Buildings	40 years	35,893	5,756	30,137
Equipment	5 years	8,200	2,323	5,877
Total		\$ 83,627	\$ 8,079	\$ 75,548

Economic Factors & Next Year's Budget

- Based on a report from NBC Business News, cremations accounted for 42% of the funerals in the United States in 2011 and is a growing trend.
- Life expectancy is increasing and migration to retirement locations outside of North Carolina is continuing to increase.
- Current economic conditions effect decisions on funeral expenditures.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities - Revenues were budgeted based on historical sales data available at the time of the fiscal year 2020-2021 budget process. The total original expenditure budget for fiscal year 2020-2021 is \$53,725.

Request for Information

This report is designed to provide an overview of the South Granville Memorial Garden's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, South Granville Memorial Gardens, 141 Williamsboro Street, Oxford, North Carolina, 27565.

Basic Financial Statements

Government-wide Financial Statements

South Granville Memorial Gardens
Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Current assets:	
Cash and investments	\$ 139,669
Accounts receivable	24,293
Inventories	1,461
Restricted cash and cash equivalents (Note I)	100,000
Total current assets	265,423
Non-current assets:	
Capital assets (Note II):	
Land	39,534
Property Plant and Equipment (net of accumulated depreciation)	36,014
Total capital assets, net	75,548
Total assets	340,971
LIABILITIES	
Current liabilities:	
Accounts payable	866
Total liabilities	866
DEFERRED INFLOWS OF RESOURCES	
Prepaid Plots	600
Total deferred inflows of resources	600
NET POSITION	
Net investment in capital assets	75,548
Restricted for:	
Cemetery Perpetual Care and Maintenance	100,000
Stabilization by State Statute	24,293
Unrestricted	139,664
Total net position	\$ 339,505

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

**South Granville Memorial Gardens
Statement of Activities
For the Year Ended June 30, 2020**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 62,724	\$ 62,282	\$ -	\$ -	\$ (442)	\$ (442)
Total governmental activities	62,724	62,282	-	-	(442)	(442)
Total primary government	\$ 62,724	\$ 62,282	\$ -	\$ -	\$ (442)	\$ (442)
General revenues:						
Unrestricted investment earnings					1,648	1,648
Total general revenues					1,648	1,648
Change in net position					1,206	1,206
Net position, beginning					338,299	338,299
Net position, ending					\$ 339,505	\$ 339,505

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

Fund Financial Statements

**South Granville Memorial Gardens
Balance Sheet
Governmental Funds
June 30, 2020**

	General Fund
ASSETS	
Cash and investments	\$ 139,669
Restricted Cash	100,000
Accounts Receivable	24,293
Inventories	1,461
Total assets	265,423
LIABILITIES	
Accounts payable	866
Total liabilities	866
DEFERRED INFLOWS OF RESOURCES	
Prepaid plots	600
Total deferred inflows of resources	600
FUND BALANCES	
Non Spendable	
Inventories	1,461
Future care and maintenance costs	100,000
Restricted	
Stabilization by State Statute	24,293
Committed	
Perpetual Care	122,249
Assigned	
Subsequent year's expenditures	2,625
Unassigned	13,329
Total fund balances	263,957
Total liabilities, deferred inflows of resources and fund balances	\$ 265,423

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

Total fund balances of governmental funds	\$ 263,957
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	75,548
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Net position of governmental activities	\$ 339,505
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The notes to the financial statements are an integral part of this statement.

South Granville Memorial Gardens
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

	General Fund
REVENUES	
Sales and services	\$ 62,282
Investment earnings	1,648
Total revenues	63,930
EXPENDITURES	
Current:	
Operating Expenditures	60,186
Excess (deficiency) of revenues over expenditures	3,744
Net change in fund balance	3,744
Fund balances, beginning	260,213
Fund balances, ending	\$ 263,957
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:	
Net changes in fund balances - total governmental funds	\$ 3,744
Capital expenditures are reported in the fund statements but are not reported in the statement of activities	-
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(2,538)
Total changes in net position of governmental activities	\$ 1,206

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

South Granville Memorial Gardens
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:				
Sales and services				
Plot Sales	\$ 24,000	\$ 24,000	\$ 26,250	\$ 2,250
Open/Close Site Revenues	19,000	19,000	27,811	8,811
Marker Sales & Other	3,300	3,300	8,221	4,921
Total sales and services	<u>46,300</u>	<u>46,300</u>	<u>62,282</u>	<u>15,982</u>
Investment earnings	2,200	2,200	1,648	(552)
Total revenues	<u>48,500</u>	<u>48,500</u>	<u>63,930</u>	<u>15,430</u>
Expenditures:				
Current:				
Operating Expenditures				
Commission on Sales	2,200	2,200	3,930	(1,730)
Opening/Closing Sites	17,700	17,700	24,470	(6,770)
Insurance and Bonding	425	425	375	50
Grass	13,000	13,000	13,884	(884)
Capital outlay	-	-	-	-
Trees	-	-	-	-
Road	2,000	2,000	-	2,000
Office Equipment and Supplies	1,000	1,000	1,433	(433)
Utilities/ Administrative Supplies	4,500	4,500	5,338	(838)
Maintenance of Grounds	2,500	2,500	1,568	932
Markers and Mausoleum Purchases	4,000	4,000	2,905	1,095
Miscellaneous and other contracted service	22,300	22,300	6,283	16,017
Historical Site Maintenance	2,500	2,500	-	2,500
Total expenditures	<u>72,125</u>	<u>72,125</u>	<u>60,186</u>	<u>11,939</u>
Revenues (under) over expenditures	<u>(23,625)</u>	<u>(23,625)</u>	<u>3,744</u>	<u>27,369</u>
Appropriated fund balance	<u>23,625</u>	<u>23,625</u>	<u>-</u>	<u>(22,935)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,744</u>	<u>\$ 4,434</u>
Fund balances, beginning			<u>260,213</u>	
Fund balances, ending			<u>\$ 263,957</u>	

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

Notes to the Financial Statements

South Granville Memorial Gardens
Notes to the Financial Statements
June 30, 2020

I. Summary of Significant Accounting Policies

The accounting policies of South Granville Memorial Gardens (the "Memorial Gardens") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

South Granville Memorial Gardens is an unincorporated association, which is governed by a seven-member Board of Trustees appointed by the Granville County Board of Commissioners. As required by generally accepted accounting principles, these financial statements South Granville Memorial Gardens, a component unit of Granville County, as a legally separate entity for which the County is financially accountable.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (South Granville Memorial Gardens). These statements include the financial activities of the overall government. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Memorial Gardens' governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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 Memorial Gardens' funds. The emphasis of fund financial statements is on major governmental funds.

South Granville Memorial Gardens reports the following major governmental fund:

General Fund. This is the Memorial Gardens' primary operating fund. It accounts for all financial resources of the general government. The primary revenues sources are sales of plots and monuments and charges for services relating to the opening and closing of cemetery plots. The primary expenditures are for cemetery maintenance and opening and closing of cemetery plots.

C. Measurement Focus, Basis of Accounting

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

Government-wide Financial Statements: The government-wide fund financial statements are reported using the economic resources measurement focus and 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 Memorial Gardens gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Memorial Gardens considers revenues as available if they are collected within 90 days after year-end.

D. Budgetary data

The South Granville Memorial Gardens' budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal year-end.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the General Fund. Amendments are required for any revisions that alter total expenditures of the General Fund or that change line item appropriations by more than \$500. The governing board must approve all amendments. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the South Granville Memorial Gardens are made in board-designated official depositories and are secured as required by G.S. 159-31. The Memorial Gardens may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Memorial Gardens 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 South Granville Memorial Gardens 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 NCCMT Term Portfolio is a bond fund, has no rating, and is measured at fair value. As of June 30, 2020, the Term Portfolio has a duration of .15 years. Because the NCCMT Term Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Restricted Assets

South Granville Memorial Gardens received a grant in 1996 in the amount of \$100,000. This grant money is permanently restricted for the care and maintenance of South Granville Memorial Gardens and the twenty-one historical cemeteries located in the Camp Butner Reservation. Only the investment earnings that are generated from this grant may be expended for care and maintenance costs.

South Granville Memorial Gardens Restricted Cash	
Governmental Activities	
General Fund	
Care and Maintenance	\$ 100,000
Total Governmental Activities	<u>\$ 100,000</u>

3. Inventories

The inventories of South Granville Memorial Gardens are valued at cost (first-in, first-out), which approximates market. The Memorial Gardens' inventory consists of grave markers held for subsequent use. The cost of the inventory is recorded as an expense as it is consumed or sold.

4. Capital Assets

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 time of donation.

5. 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 an expenditure until then. South Granville Memorial Gardens does not have any items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. South Granville Memorial Gardens has only one item that meets this criterion - prepaid plots.

6. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of South Granville Memorial Gardens' Board of Trustees (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the Board of Trustees.

Committed for Perpetual Care - portion of fund balance that can only be used for perpetual care of the cemetery.

Assigned fund balance - portion of fund balance that South Granville Memorial Gardens intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the Budget Officer to modify the appropriations between line item expenditures within a department without limitation. The budget ordinance also authorizes the Budget Officer to transfer amounts up to \$500 between line items within the same fund.

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

For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Director of Finance has the authority to deviate from this policy if it is in the best interest of the South Granville Memorial Gardens.

F. Reconciliation of Government-wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance - total government funds and net position - governmental activities as reported in the governmentwide statement of net position. The net adjustment of \$75,548 consists of the following:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	<u>\$ 75,548</u>
Total adjustment	<u>\$ 75,548</u>

2. Explanation of certain differences between the statement of activities and the statement of revenues, expenditures and changes in fund balance.

The statement of revenues, expenditures, and changes in fund balance includes a reconciliation between the change in fund balance - total governmental funds and the change in net position - governmental activities. The net adjustment of (\$2,538) consists of the following

Capital expenditures are reported in the fund statements but are not reported in the statement of activities	\$ -
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	<u>(2,538)</u>
Total adjustment	<u>\$ (2,538)</u>

II. Detail Notes on all Funds

A. Assets

1. Deposits

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

At June 30, 2020, South Granville Memorial Gardens' deposits had a carrying amount of \$132,815 and a bank balance of \$135,651. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2020, South Granville Memorial Gardens' investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation</u> <u>Measurement Method</u>	<u>Book Value at</u>	<u>Maturity</u>	<u>Rating</u>
		<u>6/30/20</u>		
NC Capital Management Trust - Term Portfolio	Fair Value Level 1	\$ 106,854	.15 years	Unrated

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

South Granville Memorial Gardens has no formal policy regarding credit risk.

3. Capital Assets

Capital assets are stated at cost and are being depreciated over their useful estimated lives on a straight-line method as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 39,534	\$ -	\$ -	\$ 39,534
Total capital assets not depreciated	39,534	-	-	39,534
Capital assets being depreciated:				
Buildings	35,893	-	-	35,893
Equipment	8,200	-	-	8,200
Total capital assets being depreciated	44,093	-	-	44,093
Less accumulated depreciation for:				
Buildings	4,858	898	-	5,756
Equipment	683	1,640	-	2,323
Total accumulated depreciation	5,541	2,538	-	8,079
Total capital assets being depreciated, net	38,552	(2,538)	-	36,014
Governmental activities capital assets, net	\$ 78,086	\$ (2,538)	\$ -	\$ 75,548

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

General Government	\$ 2,538
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B. Liabilities

1. Deferred Outflows and Inflows of Resources

There are no deferred outflows of resources.

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

Prepaid Plots	\$ 600
Total	<u>\$ 600</u>

2. Risk Management

South Granville Memorial Gardens is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

South Granville Memorial Gardens is covered under a commercial insurance policy carried by Granville County, North Carolina. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the Memorial Gardens' employees that have access to \$100 or more at any given time of the South Granville Memorial Gardens' funds are performance bonded through a commercial surety bond. The Fiscal Agent is individually bonded for \$50,000. The cemetery's sales agent is individually bonded for \$10,000. The County's Accounts Receivable Specialist and Accounts Payable Specialist that have access to the Memorial Gardens' funds are each individually bonded for \$10,000.

C. Fund Balance

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

<i>Total Fund balance-General Fund</i>	\$ 263,957
Less:	
Inventories	1,461
Future care and maintenance costs	100,000
Stabilization by State Statute	24,293
Appropriated Fund Balance in 2021 budget	2,625
Perpetual Care	122,249
Remaining Fund Balance	<u>13,329</u>

III. Related Party Transactions

South Granville Memorial Gardens entered into a contract with the cemetery's agent to compensate him for services he provides to the Memorial Gardens. Under this agreement, South Granville Memorial Gardens is required to pay the agent a commission on all cemetery plots and grave markers that he sells as well as for each grave marker that he installs. The agent also has the responsibility of collecting funds from customers relating to these sales and services that he provides to the Memorial Gardens as well as issuing deeds to customers for the plots that he sells. The total amount paid to the agent during 2019-2020 for his services was \$7,375.

IV. Significant Effects of Subsequent Events

The Memorial Gardens has evaluated events and transactions that occurred between June 30, 2020 and December 8, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. There were no events that occurred during this time that were deemed to be significant enough to be disclosed.