
Town of Everetts

Everetts, North Carolina

Audit Report

June 30, 2019

TOWN OF EVERETTS

EVERETTS, NORTH CAROLINA

TOWN OFFICIALS

Mayor

Ray Deans, Mayor

Town Commissioners

Ben Jones

Will Prettyman

Becky Williams

Town Clerk

Nancy Hardison

Town of Everetts, North Carolina
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June 30, 2019

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LARRY E. CARPENTER, CPA, PA

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Everetts, North Carolina as of and for the year ended June 30, 2019, 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.

Auditors' Responsibility

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

Member:

American Institute of Certified Public Accountants, NC Association of Certified Public Accountants
AICPA – Governmental Audit Quality Center

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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, and each major fund of the Town of Everetts, North Carolina as of June 30, 2020, 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 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 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Everetts, North Carolina's basic financial statements. The introductory information, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Larry E. Carpenter, CPA, PA

Greenville, NC

January 3, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Everett, the "Town", we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

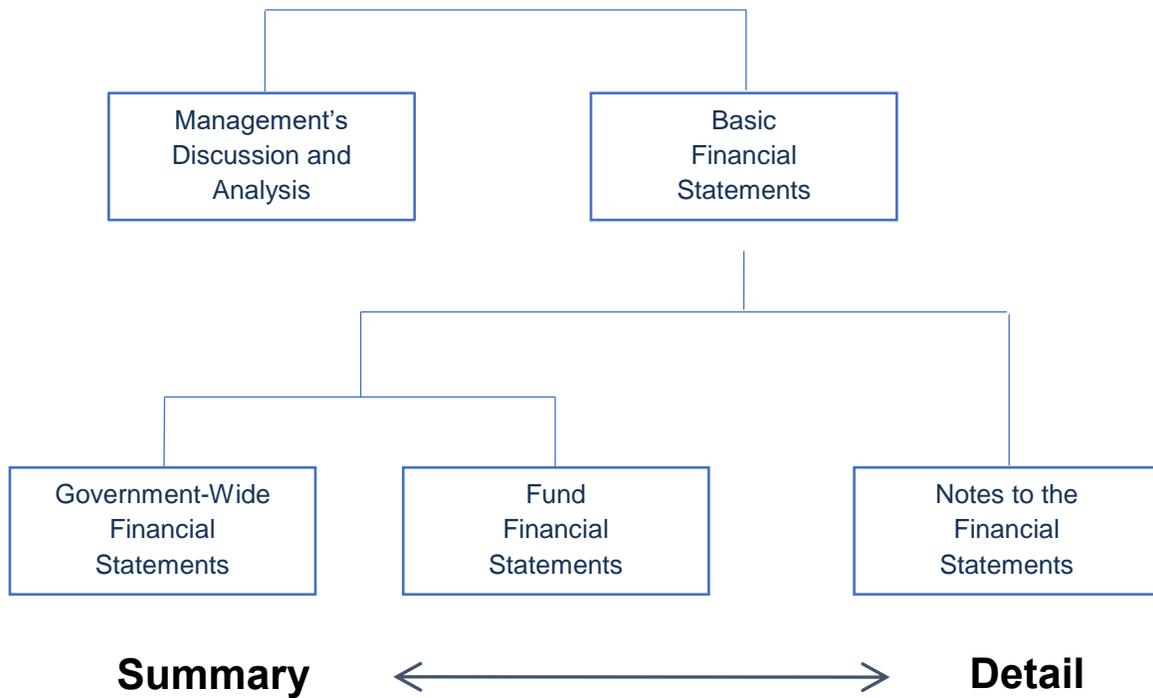
- The assets of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,961,357 (net position).
- The government's total net position decreased by \$106,574 primarily due to decreases in the business-type activities net position.
- As of the close of the current fiscal year, the Town's governmental funds reported ending fund balances of \$92,851 with a net decrease of \$45,714 in fund balance. Approximately 92.39% of this amount, or \$85,786, is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$85,786 or 217.02% percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Components of the Annual Report

Figure 1:



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

The next statements (Exhibits A-3 through A-10) 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 notes, **Supplemental Information** is provided to show details about the Town's individual funds.

Budgetary information required by the North Carolina 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 it has 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 environmental protection (sanitation), transportation, 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. The government-wide financial statements are on Exhibits A-1 and A-2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town like all other governmental entities in North Carolina uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be 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 between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

Proprietary Funds – The Town has only one kind of proprietary fund: the Enterprise Fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer operations. The fund is 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 begin on page 21 of this report.

Interdependence with Other Entities – The Town depends on financial resources flowing from, or associated with 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 State laws and State appropriations.

Government-Wide Financial Analysis

The Town of Everetts Net Position
Figure 2

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 97,563	\$ 142,444	\$ 15,342	\$ 11,593	\$ 112,905	\$ 154,037
Capital assets	53,798	57,355	1,820,728	1,876,077	1,874,526	1,933,432
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	151,361	199,799	1,836,070	1,887,670	1,987,431	2,087,469
Current liabilities	984	985	25,090	30,309	26,074	31,294
Noncurrent liabilities	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-
Total liabilities and deferred inflow of resources	984	985	25,090	30,309	26,074	31,294
Net investment in capital	53,798	57,355	1,820,728	1,876,077	1,874,526	1,933,432
Restricted	4,681	8,157	-	-	4,681	8,157
Unrestricted	91,898	133,302	(9,748)	(18,716)	82,150	114,586
Total net position	\$ 150,377	\$ 198,814	\$ 1,810,980	\$ 1,857,361	\$ 1,961,357	\$ 2,056,175

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town exceeded liabilities and deferred inflows by \$1,961,357 as of June 30, 2019. The Town's net position decreased by \$106,574 for the fiscal year ended June 30, 2019. However, the largest portion \$1,874,526 or 95.57% reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens;

Management's Discussion and Analysis
Town of Everett's

consequently, these assets are not available for future spending. Although the Town's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The Town had no outstanding related debt at June 30, 2019. An additional portion of the Town's net position \$4,681 or .03% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$85,766 or 111.87% is unrestricted.

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

Town of Everett's Changes in Net Position

Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 150,014	\$ 153,876	\$ 150,014	\$ 153,876
Operating grants and contributions	5,371	7,986	-	-	7,986	7,986
General revenues:						
Property taxes	29,050	30,887			30,887	30,887
Other taxes	21,024	22,838			22,838	22,838
Unrestricted intergovernmental	-	-			-	-
Investment earnings	337	221	234	37	455	258
Other	478	-	-	-	-	-
Total revenues	<u>56,260</u>	<u>61,932</u>	<u>150,248</u>	<u>153,913</u>	<u>212,180</u>	<u>215,845</u>
Expenses:						
General government	33,080	34,284			33,080	34,284
Public safety	3,000	4,050			3,000	4,050
Transportation	12,494	14,652			12,494	14,652
Economic and physical development	-	-			-	-
Environmental protection	9,123	8,389			9,123	8,389
Water and sewer			255,385	248,920	255,385	248,920
Total expenses	<u>57,697</u>	<u>61,375</u>	<u>255,385</u>	<u>248,920</u>	<u>313,082</u>	<u>310,295</u>
Increase in Net Position						
before transfers	(1,437)	557	(105,137)	(95,007)	(106,574)	(94,450)
Transfers	<u>(47,000)</u>	<u>(2,000)</u>	<u>47,000</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
Increase (decrease) in Net Position	(48,437)	(1,443)	(58,137)	(93,007)	(106,574)	(94,450)
Net Position, July 1	198,814	200,257	1,869,117	1,950,368	2,067,931	2,150,625
Net Position, June 30	<u>\$ 150,377</u>	<u>\$ 198,814</u>	<u>\$1,810,980</u>	<u>\$1,857,361</u>	<u>\$1,961,357</u>	<u>\$2,056,175</u>

Governmental activities. Governmental activities decreased the Town's net position by \$48,437.

Business-type activities: Business-type activities decreased the Town's net position by \$58,137. The Town of Everett's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Water and Sewer at the end of the fiscal year amounted to a deficit of \$9,748.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town of Everett's fund balance available in the General Fund was \$85,766, while total fund balance reached \$92,851. The Town currently has an available fund balance of 217.02% of general fund expenditures, while total fund balance represents 234.90% of the same amount. The Town has not adopted a minimum fund balance policy for the general fund.

The General Fund is the Town's only governmental fund.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget to reflect water and sewer fund expenditures paid by the General Fund. 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 and Sewer Fund at the end of the fiscal year amounted to a deficit of \$9,748. The change in net position for the Water and Sewer Fund was a decrease of \$58,137. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$1,874,526 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, water and sewer distribution systems, and vehicles. The Town had no additions or disposals of capital assets during the June 30, 2019 fiscal year.

Town of Everett's Capital Assets
(Net of Accumulated Depreciation)
Figure 4

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 3,685	\$ 3,685	\$ 3,000	\$ 3,000	\$ 6,685	\$ 6,685
Buildings	19,245	19,245	-	-	19,245	19,245
Plant Distribution System	-	-	2,913,202	2,913,202	2,913,202	2,913,202
Machinery and Equipment	5,465	5,465	-	-	5,465	5,465
Vehicles	14,780	14,780	-	-	14,780	14,780
Other Improvements	78,827	78,827	-	-	78,827	78,827
Subtotal	122,002	122,002	2,916,202	2,916,202	3,038,204	3,038,204
Accumulated depreciation	(68,204)	(64,647)	(1,095,474)	(1,040,125)	(1,163,678)	(1,104,772)
Capital assets, net	\$ 53,798	\$ 57,355	\$ 1,820,728	\$ 1,876,077	\$ 1,874,526	\$ 1,933,432

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

Economic Factors and Next Year's Budgets and Rates

The following key economic factors related to the growth of the Town.

The Town is located in Martin County and has a population of approximately 177. The unemployment rate for Martin County at June 30, 2019 was 8.4 percent compared to the statewide rate of 6.1 percent.

The following key economic indicators reflect the general condition of the Town. The economic crisis of prior years continues to contribute to the factors below:

- High unemployment, an aged population, no industrial development, and very little retail business help to create a situation where the Town's customer base is eroded. The resulting ratio of expense versus revenue creates a difficult situation in keeping rates and fees low while maintaining an adequate level of service. In addition, most residents are on fixed income.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Tax revenues along with other general fund revenues are expected to remain constant and no property tax rate increase is being considered at this time. Business type activities revenues and expenditures are expected to remain constant so no increase or decrease in rate is being considered at this time.

Governmental Activities: Budgeted revenues in the Town's General Fund for the June 30, 2020 fiscal year are consistent with June 30, 2020's budget.

Business – type Activities: Budgeted revenues and expenditures in the Town's Business type activities for the June 30, 2020 fiscal year are consistent with June 30, 2020's 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 Ray Deans, Mayor or Nancy Hardison.

Town Clerk
Town of Everetts,
PO Box 129
Everetts, NC 27825.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Everetts, North Carolina
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 86,750	\$ --	\$ 86,750
Taxes receivable, net	3,728	--	3,728
Accounts receivable, net	4,082	15,342	19,424
Prepaid Insurance	2,404	--	2,404
Restricted cash and cash equivalents	599	--	599
Total Current Assets	97,563	15,342	112,905
<i>Noncurrent Assets</i>			
Land and other nondepreciable assets	3,685	3,000	6,685
Other capital assets, net of depreciation	50,113	1,817,728	1,867,841
Total Assets	151,361	1,836,070	1,987,431
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	--	--	--
Total Deferred Outflows of Resources	--	--	--
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable and accrued liabilities	663	16,904	17,567
Accrued salaries and employees payroll taxes	321	--	321
Customer deposits	--	8,186	8,186
<i>Internal Balances*</i>	--	--	--
Total Current Liabilities	984	25,090	26,074
<i>Internal Balances*</i>	--	--	--
Total Liabilities	984	25,090	26,074
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	--	--	--
Total Deferred Inflows of Resources	--	--	--
NET POSITION			
Net investment in capital assets	53,798	1,820,728	1,874,526
<i>Restricted for:</i>			
Stabilization by State Statute	4,082	--	4,082
Streets	599	--	599
<i>Unrestricted</i>	91,898	(9,748)	82,150
Total Net Position	\$ 150,377	\$ 1,810,980	\$ 1,961,357

**Town of Everetts, North Carolina
Statement of Activities
For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	33,080	--	--	--	(33,080)	--	(33,080)
Public safety	\$ 3,000	\$ --	\$ --	\$ --	\$ (3,000)	\$ --	\$ (3,000)
Transportation	12,494	--	5,371	--	(7,123)	--	(7,123)
Environmental protection	9,123	--	--	--	(9,123)	--	(9,123)
Total Governmental Activities	57,697	--	5,371	--	(52,326)	--	(52,326)
Business-type Activities:							
Water & Sewer Fund	255,385	150,014	--	--	--	(105,371)	(105,371)
Total Business-type Activities	255,385	150,014	--	--	--	(105,371)	(105,371)
Total Primary Government	\$ 313,082	\$ 150,014	\$ 5,371	\$ --	\$ (52,326)	\$ (105,371)	\$ (157,697)

General Purpose Revenues and Transfers:

Revenues

Ad valorem taxes	29,050	--	29,050
Unrestricted intergovernmental	21,024	--	21,024
Interest and fees	337	234	571
Miscellaneous Income	478	--	478

Transfers

	(47,000)	47,000	--
--	----------	--------	----

Total General Revenues and Transfers

	3,889	47,234	51,123
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Change in Net Position

	(48,437)	(58,137)	(106,574)
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Net Position, Beginning as previously reported

	198,814	1,857,361	2,056,175
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<i>Prior period adjustment</i>	--	11,756	11,756
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<i>Net Position, Beginning as restated</i>	198,814	1,869,117	2,067,931
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Net Position at End of Period	\$ 150,377	\$ 1,810,980	\$ 1,961,357
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The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

**Town of Everetts, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019**

	Major Fund
	General Fund
ASSETS	
Cash and cash equivalents	\$ 86,750
Taxes receivable, net	3,728
Accounts receivable, net	4,082
Prepaid Insurance	2,404
Restricted cash and cash equivalents	599
Total Assets	97,563
DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	--
Total Assets and Deferred Outflows of Resources	\$ 97,563
LIABILITIES	
Accounts payable and accrued liabilities	\$ 663
Accrued salaries and employees payroll taxes	321
Total Liabilities	984
DEFERRED INFLOWS OF RESOURCES	
Aggregated deferred inflows	3,728
Total Liabilities and Deferred Inflows of Resources	4,712
FUND BALANCE	
Nonspendable	
Prepays	2,404
Restricted	
Stabilization by State Statute	4,082
Streets	599
Unassigned	85,766
Total Fund Balance	92,851
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 97,563

The accompanying notes are an integral part of these financial statements

Town of Everetts, North Carolina
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2019

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

Total Fund Balance - Governmental Funds	\$	92,851
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		53,798
Tax receivable will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.		<u>3,728</u>
Total Net Position-Governmental Funds	\$	<u>150,377</u>

The accompanying notes are an integral part of these financial statements

Town of Everetts, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	<u>Major Fund</u>
	<u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 28,216
Unrestricted intergovernmental	21,024
Restricted intergovernmental	5,371
Miscellaneous Income	478
Interest and fees	337
Total Revenues	<u>55,426</u>
Expenditures	
General government	32,241
Public safety	3,000
Transportation	9,776
Environmental protection	9,123
Total Expenditures	<u>54,140</u>
Net Other Financing Sources (Uses)	<u>(47,000)</u>
Net Change in Fund Balance	(45,714)
<i>Fund Balance at Beginning of Period</i>	<u>138,565</u>
Fund Balance at End of Period	<u>\$ 92,851</u>

The accompanying notes are an integral part of these financial statements

**Town of Everetts, North Carolina
 Reconciliation of Governmental Funds Statement of Revenues,
 Changes in Fund Balance with Statement of Activities
 For the Year Ended June 30, 2019**

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

Total Net Change in Fund Balances - Governmental Funds	\$	(45,714)
--	----	----------

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(3,557)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		834
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Changes in Net Position-Governmental Funds	\$	<u>(48,437)</u>
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The accompanying notes are an integral part of these financial statements

Town of Everetts, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Ad valorem taxes	\$ 27,325	\$ 27,325	\$ 28,216	\$ 891
Unrestricted intergovernmental	20,575	20,575	21,024	449
Restricted intergovernmental	7,500	7,500	5,371	(2,129)
Miscellaneous Income	300	300	478	178
Interest and fees	350	350	337	(13)
Total Revenues	56,050	56,050	55,426	(624)
Other Financing Sources				
Total Revenues and Other Financing Sources	56,050	56,050	55,426	(624)
Expenditures				
General government	48,550	48,550	32,241	16,309
Public safety	8,500	8,500	3,000	5,500
Transportation	14,000	14,000	9,776	4,224
Environmental protection	10,000	10,000	9,123	877
Total Expenditures	81,050	81,050	54,140	26,910
Other Financing Uses				
Appropriations	(25,000)	(25,000)	--	(25,000)
Transfers to other funds	--	--	47,000	(47,000)
Total Expenditures and Other Financing Uses	56,050	56,050	101,140	(45,090)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
Net Change in Fund Balance	\$ --	\$ --	(45,714)	(45,714)
<i>Fund Balance at Beginning of Period</i>			138,565	
Fund Balance at End of Period			\$ 92,851	

The accompanying notes are an integral part of these financial statements

Town of Everetts, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>	<u>Water & Sewer</u>
ASSETS		
<i>Current Assets</i>		
Accounts receivable, net	\$ 15,342	
Total Current Assets	<u>15,342</u>	
<i>Noncurrent Assets</i>		
Land and other nondepreciable assets	3,000	
Other capital assets, net of depreciation	<u>1,817,728</u>	
Total Assets	<u>1,836,070</u>	
DEFERRED OUTFLOWS OF RESOURCES		
Aggregated deferred outflows	<u>--</u>	
Total Deferred Outflows of Resources	<u>--</u>	
LIABILITIES		
<i>Current Liabilities</i>		
Accounts payable and accrued liabilities	16,904	
Customer deposits	<u>8,186</u>	
Total Current Liabilities	<u>25,090</u>	
<i>Noncurrent Liabilities</i>		
Total Liabilities	<u>25,090</u>	
DEFERRED INFLOWS OF RESOURCES		
Aggregated deferred inflows	<u>--</u>	
Total Deferred Inflows of Resources	<u>--</u>	
NET POSITION		
Net investment in capital assets	1,820,728	
<i>Unrestricted</i>	<u>(9,748)</u>	
Total Net Position	<u>\$ 1,810,980</u>	

The accompanying notes are an integral part of these financial statements

Town of Everetts, North Carolina
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Water & Sewer</u>
Operating Revenues	
Sales and services	\$ 150,014
Total Operating Revenues	<u>150,014</u>
Operating Expenses	
Water and sewer operations	70,001
Waste collection and treatment	130,035
Depreciation	55,349
Total Operating Expenses	<u>255,385</u>
Operating Income (Loss)	<u>(105,371)</u>
Non-Operating Revenues (Expenses)	
Interest and fees	234
Net Non-Operating Revenues (Expenses)	<u>234</u>
Income Before Contributions and Transfers	(105,137)
Transfers from other funds	47,000
Change In Net Position	(58,137)
<i>Net Position, Beginning as previously reported</i>	1,857,361
<i>Prior period adjustment</i>	11,756
<i>Net Position, Beginning as restated</i>	1,869,117
Net Position at End of Period	<u>\$ 1,810,980</u>

The accompanying notes are an integral part of these financial statements

Town of Everetts, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Enterprise Funds
	Water & Sewer
Cash Flows from Operating Activities:	
Cash received from customers	\$ 146,265
Cash paid for goods and services	(204,792)
Customer deposits received	(463)
Net cash provided (used) by operating activities	(58,990)
 Cash Flows from Noncapital Financing Activities:	
Transfers from general fund	47,000
Net cash provided (used) by noncapital financing activities	47,000
 Cash Flows from Investing Activities:	
Investment income received	234
Net increase (decrease) in cash and cash equivalents	(11,756)
Cash and Cash Equivalents - Beginning of Year	-
Cash and Cash Equivalents - End of Year	\$ -
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	(105,371)
Depreciation	55,349
Change in assets and liabilities:	
(Increase) decrease in accounts receivables	(3,749)
Increase (decrease) in accounts payable and accrued liabilities	(4,756)
Increase (decrease) in customer deposits	(463)
Net cash provided (used) by operating activities	\$ (58,990)

The accompanying notes are an integral part of these financial statements

Notes To The Financial Statements

Town of Everetts, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE I —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Everetts 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 Everetts is a municipal corporation which is governed by an elected mayor and a three-member council.

B. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All 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. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

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

Town of Everetts, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for sanitation, street maintenance and general government services.

The Town reports the following major enterprise funds:

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

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers 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 non-operating revenues and expenses.

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

Town of Everetts, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Everetts because the tax is levied by Martin 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 are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Grant Projects Special Revenue Fund, the Capital Projects Fund, and the Enterprise Fund Capital Projects Funds, if needed. The enterprise fund capital projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Town of Everetts, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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

2. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit purchased with an original maturity of three months or less.

3. Restricted Assets

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.

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 1st, the beginning of the fiscal year. However, the Town contracts with Martin County to levy, bill, and collect all ad valorem taxes. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2014. As allowed by State law, the Town has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

Town of Everetts, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

6. Inventory and Prepaid Items

The Town does not have any inventory

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, buildings, improvements, substations, lines, and other plant and distribution systems, infrastructure, furniture and equipment, and vehicles, \$250. 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.

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

Asset Class	Estimated Useful Lives
Infrastructure	30 years
Buildings	50 years
Improvements	25 years
Vehicles	6 years
Furniture and equipment	10 years
Computer equipment	3 years

8. Deferred Outflows and Inflows of Resources

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

9. Compensated Absences

The Town does not employ any full-time employees and it does not compensate part-time employees for vacation or sick leave time. Therefore, no provision for vacation or disclosure of sick leave is included in the accompanying financial statements.

Town of Everetts, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

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 represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications, if applicable, 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.

Prepays – The portion of fund balance that is not available for appropriation because it represents the year-end fund balance of ending prepaids, which are not expendable, available resources.

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 – portion of fund balance that is restricted by State Statute [G. S. 159-8(a)].

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

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

Town of Everetts, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Assigned Fund Balance – portion of fund balance that Town of Everetts 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 and modifies the appropriation.

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

NOTE II—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Noncompliance with North Carolina General Statutes

NONE

2. Contractual Violations

NONE

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

NONE

4. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the Town's Water and Sewer Fund exceeded the authorized appropriations made by the governing board by \$2,788. This over-expenditure occurred due to unexpected increases in the waste removal expenditure and cost of water purchased. Expenditures made in the Town's General Fund also exceeded the authorized appropriations made by the governing board for environmental protection by \$1,123. This over-expenditure occurred due to unexpected expenses. Management and the Board will more closely review the budget reports to ensure compliance in future years.

NOTE III—DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However,

Town of Everetts, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories.

At June 30, 2019, the Town's deposits had a carrying amount of \$87,349 and a bank balance of \$92,910. Of the bank balance, all was covered by federal depository insurance. The Town has no petty cash

Town of Everetts, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

2. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	<u>\$ 1,020</u>
Total	<u>1,020</u>
Enterprise Fund:	
Customer receivables	<u>2,000</u>
Total	<u>2,000</u>
Grand Total	<u>\$ 3,020</u>

Town of Everetts, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

3. Capital Assets

Governmental Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,685	\$ -	\$ -	\$ 3,685
Total capital assets not being depreciated	<u>3,685</u>	<u>-</u>	<u>-</u>	<u>3,685</u>
Capital assets being depreciated:				
Buildings	19,245	-	-	19,245
Machinery and Equipment	5,465	-	-	5,465
Vehicles	14,780	-	-	14,780
Other improvements	<u>78,827</u>	<u>-</u>	<u>-</u>	<u>78,827</u>
Total capital assets being depreciated	<u>118,317</u>	<u>-</u>	<u>-</u>	<u>118,317</u>
Less accumulated depreciation for:				
Buildings	11,233	543	-	11,776
Machinery and Equipment	5,380	-	-	5,380
Vehicles	14,780	-	-	14,780
Other improvements	<u>33,254</u>	<u>3,015</u>	<u>-</u>	<u>36,268</u>
Total accumulated depreciation	<u>\$ 64,647</u>	<u>\$ 3,558</u>	<u>\$ -</u>	<u>\$ 68,204</u>
Total capital assets being depreciated, net	<u>53,670</u>			<u>50,113</u>
Governmental activity capital assets, net	<u>\$ 57,355</u>			<u>\$ 53,798</u>

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

Governmental Activities:	
General government	\$ 840
Transportation	2,718
Total	<u>\$ 3,558</u>

Town of Everetts, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Enterprise Fund Capital Assets

Capital asset activity for the Enterprise Fund for the year ended June 30, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Total capital assets not being depreciated	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
Capital assets being depreciated:				
Plant Distribution System	2,913,202	-	-	2,913,202
Total capital assets being depreciated	<u>2,913,202</u>	<u>-</u>	<u>-</u>	<u>2,913,202</u>
Less accumulated depreciation for:				
Plant Distribution System	1,040,125	55,349	-	\$ 1,095,474
Total accumulated depreciation	<u>1,040,125</u>	<u>\$ 55,349</u>	<u>\$ -</u>	<u>1,095,474</u>
Total capital assets being depreciated, net	<u>1,873,077</u>			<u>1,817,728</u>
Water & Sewer Capital Assets, Net	<u>\$1,876,077</u>			<u>\$ 1,820,728</u>

B. Liabilities

1. Deferred Inflows of Resources

<u>Source</u>	<u>Amount</u>
<i>Deferred inflows of resources at year-end is comprised of the following:</i>	
Taxes Receivable (General Fund)	<u>3,728</u>
Total	<u>\$ 3,728</u>

Town of Everetts, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

2. Fund Balance

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

Total Fund Balance-General Fund	\$ 92,851
Less:	
Stabilization by State Statute	4,082
Streets-Powell Bill	599
Prepaid Items	2,404
Working Capital / Fund Balance Policy	
Remaining Fund Balance	85,766

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance policies with various commercial insurance companies. The Town has property, general liability, auto liability and worker's compensation coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town buildings are not located in a flood zone and therefore, the Town does not carry 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. The finance officer is bonded for \$50,000.

NOTE III—JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with five counties and thirty-nine other municipalities, is a member of the Mid-East Commission. The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The Town paid membership fees of \$350 to the Commission during the fiscal year ended June 30, 2019.

Town of Everetts, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE IV — Interfund Balances and Activity

The interfund balances resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Balances due to/from other funds at June 30, 2019, consist of the following:

Due to the General Fund from:	
Water and Sewer Fund	\$ 47,000
	<u> </u>
Total	\$ 47,000
	<u> </u>

During the fiscal year the Town made a one time transfer from it's General Fund to the Water and Sewer fund in the amount of \$47,000. This transfer was to help cover the expenditures occurring in the Water and Sewer Fund.

NOTE V —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 monies 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 monies.

NOTE VI —PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2019 the Town determined that certain transactions in the bank accounts had been omitted, as well as misstated in the prior year. Therefore and adjustment to fund balance had been recorded to account for the bank errors which increased beginning net position in the Water and Sewer Fund by \$11,756.

NOTE VII —SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 3,2019, the date the financial statements were available to be issued.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Town of Everetts, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes
In Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad Valorem Taxes			
Taxes & Interest		\$ 28,216	
Total	<u>27,325</u>	<u>28,216</u>	<u>891</u>
Unrestricted Intergovernmental Revenues			
Local option sales tax		15,507	
Utility franchise tax		5,144	
Cable tax		49	
Beer & wine tax		324	
Total	<u>20,575</u>	<u>21,024</u>	<u>449</u>
Restricted Intergovernmental Revenues			
Powell Bill allocation		5,371	
Total	<u>7,500</u>	<u>5,371</u>	<u>(2,129)</u>
Investment Earnings			
Interest		337	
Total	<u>350</u>	<u>337</u>	<u>(13)</u>
Other Revenues			
Miscellaneous		478	
Total	<u>300</u>	<u>478</u>	<u>178</u>
Total Revenue	<u>\$ 56,050</u>	<u>\$ 55,426</u>	<u>(624)</u>

**Town of Everetts, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes
In Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures			
General Government			
Governing body due and fees		1,000	
Salaries and benefits		7,774	
Legal & professional fees		4,450	
Office supplies		863	
Utilities		11,180	
Insurance		5,178	
Other operating expenses		1,796	
Total	<u>48,550</u>	<u>\$ 32,241</u>	<u>16,309</u>
Public Safety			
Contracted Services		3,000	
Total	<u>8,500</u>	<u>3,000</u>	<u>5,500</u>

**Town of Everetts, North Carolina
General Fund
Schedule of Revenue, Expenditures, and Changes
In Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transportation			
Salaries and benefits		100	
Repairs & maintenance		9,676	
Total	<u>14,000</u>	<u>9,776</u>	<u>4,224</u>
Environmental Protection			
Salaries and benefits		5,919	
Repairs & maintenance		694	
Other operating expenses		2,510	
Total	<u>10,000</u>	<u>9,123</u>	<u>877</u>
Total Expenditures			
Revenue over (under) expenditures	<u>81,050</u>	<u>54,140</u>	<u>26,910</u>
Other Financing Sources (Uses)			
Appropriations	(25,000)		(25,000)
Transfers out		47,000	(47,000)
Total Expenditures and Other Financing Uses	<u>56,050</u>	<u>101,140</u>	<u>(45,090)</u>
Net change in fund balance	<u>\$ -</u>	<u>(45,714)</u>	<u>\$ (45,714)</u>
Fund balance - July 1		<u>138,565</u>	
Fund balance - June 30		<u>\$ 92,851</u>	

Town of Everetts, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues			
Operating Revenue			
Water and sewer charges		\$ 150,014	
Total		<u>150,014</u>	
Non-Operating Revenue			
Interest		234	
Total		<u>234</u>	
Total Revenues	<u>\$ 172,500</u>	<u>\$ 150,248</u>	<u>\$ (22,252)</u>
Expenditures			
Operations:			
Dues & subscriptions			
Telephone		5,116	
Cost of Water		42,266	
Waste Removal		130,035	
Fees		1,150	
Supplies & Material repairs		14,291	
Utilities		7,086	
Miscellaneous		92	
Total operating expenses	<u>172,500</u>	<u>200,036</u>	<u>(27,536)</u>
Other financing sources (uses)			
Transfers from other funds		47,000	47,000
Total other financing sources (uses)		<u>47,000</u>	<u>47,000</u>
Revenues and other sources over (under) Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (2,788)</u>	<u>\$ (2,788)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(55,349)	
Total reconciling items		<u>(55,349)</u>	
Changes in Net Position, GAAP basis		<u>\$ (58,137)</u>	

OTHER SCHEDULES

Schedule 3

**Town of Everett's, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2019**

Fiscal Year	Uncollected Balance July 1, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 29,105	\$ 26,669	2,436
2017-2018	2,101	-	722	1,379
2016-2017	821	-	599	222
2015-2016	636	-	104	532
2014-2015	206	-	177	29
2013-2014	51	-	-	51
2012-2013	7	-	-	7
2011-2012	71	-	-	71
2010-2011	6	-	-	6
2009-2010	16	-	-	16
2008-2009	-	-	-	-
	<u>3,914</u>	<u>29,105</u>	<u>28,271</u>	<u>4,748</u>

Less: Allowance for Uncollectible Accounts 1,020

Ad Valorem Taxes Receivables, Net 3,728

Reconciliation with Revenues:

Ad Valorem Tax - General Fund	28,215
Reconciling items:	
Interest collected	330
Releases and adjustments	<u>(273)</u>
Total Collections and Credits	<u>28,271</u>

**Town of Everett's, North Carolina
General Fund
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2019**

	Property Valuation	Rate per \$100	Total Levy	Total Levy Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property tax at current year's tax rate	\$ 7,276,213	0.40	\$ 29,105	\$ 24,409	\$ 4,696
Net Valuation	<u>\$ 7,276,213</u>				
Net levy			29,105	24,409	4,696
Less uncollected taxes at June 30, 2019			<u>2,436</u>	<u>2,436</u>	<u>-</u>
Current year's taxes collected			<u>\$ 26,669</u>	<u>\$ 21,973</u>	<u>\$ 4,696</u>
Current levy collection percentage			<u>91.63%</u>	<u>90.02%</u>	<u>100.00%</u>