

**Town of Sims  
North Carolina  
Financial Report**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**



**CRI** CARR  
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**Town of Sims, North Carolina**  
**Table of Contents**  
**June 30, 2019**

<b>EXHIBIT</b>	<u><b>Page</b></u>
<b>Financial Section:</b>	
<b>Independent Auditors' Report</b>	<b>1-2</b>
<b>Management's Discussion and Analysis</b>	<b>3.1-3.8</b>
<b>Town Council and Key Staff</b>	<b>4</b>
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
<b>1</b> Statement of Net Position	<b>5</b>
<b>2</b> Statement of Activities	<b>6-7</b>
<b>Fund Financial Statements:</b>	
<b>3</b> Balance Sheet - Governmental Funds	<b>8</b>
<b>4</b> Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	<b>9</b>
<b>5</b> Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	<b>10</b>
<b>6</b> Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	<b>11</b>
<b>7</b> Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	<b>12</b>
<b>8</b> Statement of Fund Net Position - Proprietary Funds	<b>13</b>
<b>9</b> Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	<b>14</b>
<b>10</b> Statement of Cash Flows - Proprietary Funds	<b>15-16</b>
<b>Notes to the Financial Statements</b>	<b>17.1-17.15</b>

**Town of Sims, North Carolina**  
**Table of Contents**  
**June 30, 2019**

	<u>Page</u>
<b>Individual Fund Schedules:</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	<b>18-19</b>
Schedule of Expenditures - Budget and Actual - General Fund	<b>20</b>
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - From Inception: Sims Community Park	<b>21</b>
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) - Water and Sewer Fund	<b>22-23</b>
Schedule of Expenditures - Budget and Actual (Non-GAAP) - Water and Sewer Fund	<b>24</b>
<b>Other Schedules:</b>	
Schedule of Ad Valorem Taxes Receivable	<b>25</b>
Analysis of Current Tax Levy - Town-Wide Levy	<b>26</b>



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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the Town Council  
Town of Sims, 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 Sims, 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 of Sims' 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Sims, North Carolina as of June 30, 2019, 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 the Management's Discussion and Analysis on pages 3.1 through 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 of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

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

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

*Carly Riggs & Ingram, L.L.C.*

Wilson, North Carolina  
October 22, 2020

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

**Town of Sims, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

As management of the Town of Sims, we offer readers of the Town of Sims' financial statements this narrative overview and analysis of the financial activities of the Town of Sims 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.

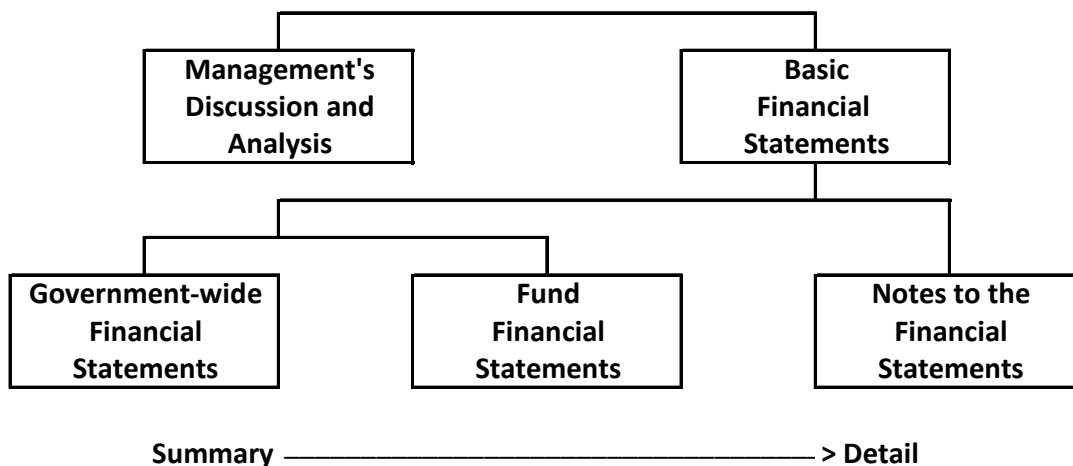
**Financial Highlights**

- The assets of the Town of Sims exceeded its liabilities at the close of the fiscal year by \$2,924,507 (*net position*).
- The government's total net position increased by \$47,951, primarily due to a \$82,962 increase in net position in the governmental activities which was driven by an increase in charges for services, property taxes, and an \$40,139 capital grant.
- As of the close of the current fiscal year, the Town of Sims' governmental funds reported combined ending fund balances of \$514,670 with a net change of (\$40,365) in fund balance. Approximately 10.66 percent of this total amount, or \$54,877, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$459,793, or 319.74 percent of total general fund expenditures for the fiscal year.
- The Town of Sims had no long-term debt as of June 30, 2019.

**Overview of the Financial Statements**

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

**Figure 1**  
**Required Components of Annual Financial Report**



# Town of Sims, North Carolina Management's Discussion and Analysis June 30, 2019

## Basic Financial Statements

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

The next statements (Exhibits 3 through 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 and other 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. The other information presents data and analysis relating to the Town's Ad Valorem taxes and the tax levy.

## 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 public safety, environmental protection, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer services offered by the Town of Sims.

## Fund Financial Statements

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



**Town of Sims, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**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* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Sims 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** – *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Sims uses an enterprise fund to account for its water and sewer activity. This fund is the same function as 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 17.1 of this report.

**Interdependence with Other Entities:** The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

**Town of Sims, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Government-Wide Financial Analysis**

**Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 535,020	\$ 567,761	\$ 546,905	\$ 529,415	\$ 1,081,925	\$ 1,097,176
Capital assets	240,736	117,553	1,640,823	1,692,175	1,881,559	1,809,728
Total assets	<u>775,756</u>	<u>685,314</u>	<u>2,187,728</u>	<u>2,221,590</u>	<u>2,963,484</u>	<u>2,906,904</u>
Current liabilities	18,155	10,527	20,822	19,673	38,977	30,200
Deferred Inflows of resources	-	148	-	-	-	148
Total liabilities and deferred inflows of resources	<u>18,155</u>	<u>10,675</u>	<u>20,822</u>	<u>19,673</u>	<u>38,977</u>	<u>30,348</u>
Net position:						
Net investment in capital assets	240,736	117,553	1,640,823	1,692,175	1,881,559	1,809,728
Restricted	54,877	47,070	-	-	54,877	47,070
Unrestricted	461,988	510,016	526,083	509,742	988,071	1,019,758
Total net position	<u>\$ 757,601</u>	<u>\$ 674,639</u>	<u>\$ 2,166,906</u>	<u>\$ 2,201,917</u>	<u>\$ 2,924,507</u>	<u>\$ 2,876,556</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Sims exceeded liabilities by \$2,924,507 as of June 30, 2019. The Town's net position increased by \$47,951 for the fiscal year ended June 30, 2019. However, the largest portion (64.33%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Sims uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Town of Sims' net position, \$54,877, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$988,071 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.93%. The statewide average in fiscal year 2019 was 98.78%.
- Increased sales tax revenues of \$1,741 due to economic growth in the Town.

**Town of Sims, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>REVENUES:</b>						
Program revenues:						
Charges for services	\$ 41,051	\$ 33,031	\$ 113,254	\$ 104,855	\$ 154,305	\$ 137,886
Operating grants & contributions	8,495	8,629	-	-	8,495	8,629
Capital grants & contributions	40,139	11,028	-	-	40,139	11,028
General revenues:						
Property taxes	91,201	85,792	-	-	91,201	85,792
Other taxes	34,843	34,239	-	-	34,843	34,239
Grants and contributions not restricted to specific programs	17,835	17,977	-	-	17,835	17,977
Unrestricted investment earnings	1,450	825	1,618	877	3,068	1,702
Miscellaneous	146	76	-	-	146	76
<b>Total revenues</b>	<b>235,160</b>	<b>191,597</b>	<b>114,872</b>	<b>105,732</b>	<b>350,032</b>	<b>297,329</b>
<b>EXPENSES:</b>						
<b>Governmental activities:</b>						
General government	93,891	72,702	-	-	93,891	72,702
Public safety	1,000	200	-	-	1,000	200
Transportation	12,795	17,272	-	-	12,795	17,272
Environmental protection	37,113	36,622	-	-	37,113	36,622
Cultural and recreational	7,399	6,561	-	-	7,399	6,561
<b>Business-type activities:</b>						
Water and sewer	-	-	149,883	132,416	149,883	132,416
<b>Total expenses</b>	<b>152,198</b>	<b>133,357</b>	<b>149,883</b>	<b>132,416</b>	<b>302,081</b>	<b>265,773</b>
Increase (decrease) in net position	82,962	58,240	(35,011)	(26,684)	47,951	31,556
<b>NET POSITION, BEGINNING</b>	<b>674,639</b>	<b>616,399</b>	<b>2,201,917</b>	<b>2,228,601</b>	<b>2,876,556</b>	<b>2,845,000</b>
<b>NET POSITION, ENDING</b>	<b>\$ 757,601</b>	<b>\$ 674,639</b>	<b>\$ 2,166,906</b>	<b>\$ 2,201,917</b>	<b>\$ 2,924,507</b>	<b>\$ 2,876,556</b>

**Governmental activities:** Governmental activities increased the Town's net position by \$82,962. The key elements of this increase are as follows:

- General government charges for services increased \$8,020 and positively affected the Town's net position.
- Capital grants and contributions in the amount of \$40,139 positively affected the Town's net position.

**Town of Sims, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Business-type activities:** Business-type activities decreased the Town of Sims' net position by (\$35,011). The key element of this decrease is as follows:

- Although Water and Sewer Fund net position decreased by (\$35,011) on the full accrual basis, Water and Sewer Fund revenues exceeded expenditures on the modified accrual basis by \$16,341.

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

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

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

The General Fund is the chief operating fund of the Town of Sims. At the end of the current fiscal year, the Town of Sims' unassigned fund balance available in the General Fund was \$459,793, while total fund balance reached \$514,670, which is a net decrease in fund balance of (\$37,931). The Town currently has an available unassigned fund balance of 319.74% of General Fund expenditures, while total fund balance represents 357.91% of the same amount.

**General Fund Budgetary Highlights:** During the fiscal year, the Town revised the budget on several occasions. 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.

Revenues were greater than the budgeted amounts primarily because ad valorem taxes and unrestricted intergovernmental revenues received were greater than the Town originally had expected to receive. There were several reasons the Town revised its budget throughout the year. The amendments essentially increased some General Fund departmental expenditures in response to greater than anticipated expenditures and decreased other General Fund departmental expenditures without changing overall General Fund expenditures.

**Proprietary Funds.** The Town of Sims' proprietary fund provides 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 \$526,083. The total change in net position was (\$35,011). Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Sims' business-type activities.

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

**Capital assets.** The Town of Sims' investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$1,881,559 (net of accumulated depreciation). These assets include land, buildings, utilities delivery systems, and machinery and equipment.

**Town of Sims, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

Major capital asset transactions during the year include the following:

- Construction in progress expenditures of \$131,852 in the governmental activities related to cultural and recreational construction.

**SUMMARY OF CAPITAL ASSETS**  
**(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 16,115	\$ 16,115	\$ 55,734	\$ 55,734	\$ 71,849	\$ 71,849
Land improvements	96,371	-	-	-	96,371	-
Buildings	101,339	27,092	-	-	101,339	27,092
Water plant & distribution system	-	-	22,167	25,124	22,167	25,124
Sewer plant & collection system	-	-	1,549,093	1,595,705	1,549,093	1,595,705
Equipment and furniture	26,911	2,591	13,829	15,612	40,740	18,203
Construction in progress	-	71,755	-	-	-	71,755
<b>TOTALS</b>	<b>\$ 240,736</b>	<b>\$ 117,553</b>	<b>\$ 1,640,823</b>	<b>\$ 1,692,175</b>	<b>\$ 1,881,559</b>	<b>\$ 1,809,728</b>

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

**Long-Term Debt.** As of June 30, 2019, the Town of Sims had no long-term debt outstanding.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Sims is \$1,549,464. The Town has no bonds authorized but un-issued at June 30, 2019.

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

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

- The Town of Sims is located in Wilson County in North Carolina with direct access to highways US 264 and I-95.
- The Town is strategically located within close proximity to Wilson, Raleigh, Greenville and Goldsboro.
- Some nearby cities have experienced rapid growth in recent years, which may evolve into additional interest in the area generally, and the Town of Sims specifically.

**Town of Sims, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2019**

**Budget Highlights for the Fiscal Year Ending June 30, 2020**

**Governmental Activities:** Anticipated revenues and expenditures are anticipated to decrease \$39,400. The decrease relates to the fact that the Town completed the Sims Community Park Project in the current year and will not need to make local matches next year. The Town's property tax rate increased from 47 to 50 cents per hundred dollars of valuation.

Budgeted expenditures in the General Fund are expected to decrease 18.07% to \$178,600. Most of the decrease relates to cultural and recreational expenditures.

**Business-type Activities:** With the new budget year, the Town's water and sewer rates will remain the same.

**Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Sims, P.O. Box 161, Sims, NC 27880. One can also call (252)237-4226 or send an email to [rpayne@townofsimsnc.com](mailto:rpayne@townofsimsnc.com) for more information.

**Town Council Members**

Miranda Boykin, Mayor

Rhonda Payne, Mayor Pro Tempore

Helen Boykin

Robert R. Ruffin

Kaleb Woodard

Danny K. Howell

**Administrative and Financial Staff**

Rhonda Payne, Acting Finance Officer

Sandra H. Boykin, Town Clerk

## **Basic Financial Statements**



**Town of Sims, North Carolina**  
**Statement of Net Position**  
**June 30, 2019**  
**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 477,923	\$ 535,362	\$ 1,013,285
Taxes receivable (net)	1,809	-	1,809
Accrued interest receivable on taxes	386	-	386
Accounts receivable (net)	2,904	7,442	10,346
Due from other governments	10,607	-	10,607
Internal balances	12,830	(12,830)	-
Restricted assets:			
Cash and cash equivalents	28,561	16,931	45,492
Total current assets	<u>535,020</u>	<u>546,905</u>	<u>1,081,925</u>
<b>Capital assets:</b>			
Land, non-depreciable improvements, and construction in progress	16,115	55,734	71,849
Other capital assets, net of depreciation	224,621	1,585,089	1,809,710
Total capital assets	<u>240,736</u>	<u>1,640,823</u>	<u>1,881,559</u>
Total assets	<u>775,756</u>	<u>2,187,728</u>	<u>2,963,484</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued liabilities	18,130	3,891	22,021
Payable from restricted assets	25	16,931	16,956
Total current liabilities	<u>18,155</u>	<u>20,822</u>	<u>38,977</u>
<b>NET POSITION</b>			
Net investment in capital assets	240,736	1,640,823	1,881,559
Restricted for:			
Stabilization by state statute	26,341	-	26,341
Streets	28,536	-	28,536
Unrestricted	461,988	526,083	988,071
Total net position	<u>\$ 757,601</u>	<u>\$ 2,166,906</u>	<u>\$ 2,924,507</u>

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Sims, North Carolina**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 2**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>FUNCTIONS/PROGRAMS</b>				
<b>PRIMARY GOVERNMENT</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
General government	\$ 93,891	\$ -	\$ -	\$ -
Public safety	1,000	5,423	-	-
Transportation	12,795	-	8,282	-
Environmental protection	37,113	35,628	213	-
Cultural and recreational	7,399	-	-	40,139
Total governmental activities	<u>152,198</u>	<u>41,051</u>	<u>8,495</u>	<u>40,139</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Water and sewer	149,883	113,254	-	-
Total primary government	<u>\$ 302,081</u>	<u>\$ 154,305</u>	<u>\$ 8,495</u>	<u>\$ 40,139</u>

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Sims, North Carolina**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 2**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
<b>FUNCTIONS/PROGRAMS</b>			
<b>PRIMARY GOVERNMENT</b>			
<b>GOVERNMENTAL ACTIVITIES:</b>			
General government	\$ (93,891)	\$ -	\$ (93,891)
Public safety	4,423	-	4,423
Transportation	(4,513)	-	(4,513)
Environmental protection	(1,272)	-	(1,272)
Cultural and recreational	32,740	-	32,740
Total governmental activities	<u>(62,513)</u>	-	<u>(62,513)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>			
Water and sewer	-	(36,629)	(36,629)
Total primary government	<u>(62,513)</u>	<u>(36,629)</u>	<u>(99,142)</u>
<b>GENERAL REVENUES:</b>			
Taxes:			
Property taxes, levied for general purpose	91,201	-	91,201
Other taxes	34,843	-	34,843
Grants and contributions not restricted to specific programs	17,835	-	17,835
Unrestricted investment earnings	1,450	1,618	3,068
Miscellaneous	146	-	146
Total general revenues	<u>145,475</u>	<u>1,618</u>	<u>147,093</u>
Change in net position	82,962	(35,011)	47,951
<b>NET POSITION, BEGINNING</b>	<u>674,639</u>	<u>2,201,917</u>	<u>2,876,556</u>
<b>NET POSITION, ENDING</b>	<u>\$ 757,601</u>	<u>\$ 2,166,906</u>	<u>\$ 2,924,507</u>

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Sims, North Carolina**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2019**  
**Exhibit 3**

	Major Funds		Total Governmental Funds
	General Fund	Sims Community Park	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 477,923	\$ -	\$ 477,923
Restricted cash	28,561	-	28,561
Taxes receivable, net	1,809	-	1,809
Accounts receivable, net	2,904	-	2,904
Due from other governments	10,607	-	10,607
Due from other funds	12,830	-	12,830
Total assets	\$ 534,634	\$ -	\$ 534,634
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 18,130	\$ -	\$ 18,130
Payable from restricted assets	25	-	25
Total liabilities	18,155	-	18,155
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	1,809	-	1,809
<b>FUND BALANCES</b>			
Restricted			
Stabilization by state statute	26,341	-	26,341
Streets	28,536	-	28,536
Unassigned	459,793	-	459,793
Total fund balances	514,670	-	514,670
Total liabilities, deferred inflows of resources and fund balances	\$ 534,634	\$ -	\$ 534,634

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Sims, North Carolina**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2019**  
**Exhibit 4**

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position follows:

Total fund balances of governmental funds		\$ 514,670
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)	\$ 283,998	
Less accumulated depreciation	<u>(43,262)</u>	
Net capital assets		240,736
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds		386
Liabilities for earned revenues considered deferred inflows of resources in fund statements		<u>1,809</u>
Net position of governmental activities		<u><u>\$ 757,601</u></u>

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Sims, North Carolina**  
**Governmental Funds**

**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 5**

	Major Funds		Total Governmental Funds
	General Fund	Sims Community Park	
<b>REVENUES</b>			
Ad valorem taxes	\$ 91,056	\$ -	\$ 91,056
Unrestricted intergovernmental	52,678	-	52,678
Restricted intergovernmental	8,495	40,139	48,634
Permits and fees	5,423	-	5,423
Sales and services	34,385	-	34,385
Investment earnings	1,450	-	1,450
Miscellaneous income	1,391	-	1,391
Total revenues	194,878	40,139	235,017
<b>EXPENDITURES</b>			
<b>Current:</b>			
General government	92,387	-	92,387
Public safety	1,000	-	1,000
Transportation	12,795	-	12,795
Environmental protection	37,113	-	37,113
Cultural and recreational	505	-	505
<b>Capital outlay</b>	-	131,582	131,582
Total expenditures	143,800	131,582	275,382
Revenues over (under) expenditures	51,078	(91,443)	(40,365)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	-	89,009	89,009
Transfers to other funds	(89,009)	-	(89,009)
Total other financing sources (uses)	(89,009)	89,009	-
Revenues and other financing sources over (under) expenditures and other uses	(37,931)	(2,434)	(40,365)
<b>FUND BALANCE, BEGINNING</b>	552,601	2,434	555,035
<b>FUND BALANCE, ENDING</b>	\$ 514,670	\$ -	\$ 514,670

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Sims, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balance of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 6**

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

Net changes in fund balances of governmental funds	\$ (40,365)
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	131,582
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	(8,399)
Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements:	
Change in unavailable revenue for tax revenues	87
Increase in accrued interest receivable on taxes	57
	82,962
Total changes in net position of governmental activities	\$ 82,962

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Sims, North Carolina**  
**General Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 7**

	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget - Positive (Negative)</b>
<b>REVENUES</b>				
Ad valorem taxes	\$ 75,000	\$ 75,000	\$ 91,056	\$ 16,056
Unrestricted intergovernmental	43,000	43,000	52,678	9,678
Restricted intergovernmental	8,350	8,350	8,495	145
Permits and fees	240	240	5,423	5,183
Sales and services	30,200	30,200	34,385	4,185
Investment earnings	410	410	1,450	1,040
Miscellaneous income	800	800	1,391	591
Total revenues	158,000	158,000	194,878	36,878
<b>EXPENDITURES</b>				
<b>Current:</b>				
General government	96,000	103,150	92,387	10,763
Public safety	1,000	1,000	1,000	-
Transportation	24,500	14,500	12,795	1,705
Environmental protection	35,000	37,500	37,113	387
Cultural and recreational	1,500	1,850	505	1,345
Total expenditures	158,000	158,000	143,800	14,200
Revenues over expenditures	-	-	51,078	51,078
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	60,000	60,000	-	(60,000)
Transfers to other funds	(60,000)	(60,000)	(89,009)	(29,009)
Total other financing sources (uses)	-	-	(89,009)	(89,009)
Revenues and other financing sources over (under) expenditures and other uses	\$ -	\$ -	(37,931)	\$ (37,931)
<b>FUND BALANCE, BEGINNING</b>			552,601	
<b>FUND BALANCE, ENDING</b>			\$ 514,670	

*The accompanying footnotes are an integral part of these financial statements.*



**Town of Sims, North Carolina**  
**Proprietary Funds**  
**Statement of Net Position**  
**June 30, 2019**  
**Exhibit 8**

<b>Water and Sewer Fund</b>
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**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 535,362
Accounts receivable (net)	7,442
Restricted assets:	
Cash and cash equivalents	16,931
Total current assets	559,735

**Capital assets:**

Land, non-depreciable improvements, and construction in progress	55,734
Other capital assets, net of depreciation	1,585,089
Capital assets (net)	1,640,823
Total assets	2,200,558

**LIABILITIES**

**Current liabilities:**

Accounts payable and accrued liabilities	3,891
Due to other funds	12,830
Liabilities payable from restricted assets:	
Customer deposits	16,931
Total current liabilities	33,652

**NET POSITION**

Net investment in capital assets	1,640,823
Unrestricted	526,083
Total net position	\$ 2,166,906

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Sims, North Carolina**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 9**

	<b>Water and Sewer Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 108,352
Other operating revenues	4,902
Total operating revenues	113,254
<b>OPERATING EXPENSES</b>	
Water and sewer operations	98,531
Depreciation	51,352
Total operating expenses	149,883
Operating loss	(36,629)
<b>NONOPERATING REVENUES</b>	
Interest earned	1,618
<b>CHANGE IN NET POSITION</b>	(35,011)
<b>TOTAL NET POSITION, BEGINNING</b>	2,201,917
<b>TOTAL NET POSITION, ENDING</b>	\$ 2,166,906

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Sims, North Carolina**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 10**

	<b>Water and Sewer Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$ 107,253
Other operating revenues	4,902
Cash paid for goods and services	(83,223)
Cash paid to or on behalf of employees for services	(15,284)
Customer deposits received (net)	1,125
Net cash provided by operating activities	14,773
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Decrease in due to other funds	(796)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	1,618
Net increase in cash and cash equivalents	15,595
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	536,698
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 552,293
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS, ENDING</b>	
Cash and cash equivalents	\$ 535,362
Restricted cash and cash equivalents	16,931
Total cash and cash equivalents	\$ 552,293

*The accompanying footnotes are an integral part of these financial statements.*

**Town of Sims, North Carolina**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2019**  
**Exhibit 10**

	<b>Water and Sewer Fund</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating loss	\$ (36,629)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	51,352
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable (net)	(1,099)
Increase (decrease) in accounts payable and accrued liabilities	24
Increase (decrease) in customer deposits	1,125
Total adjustments	51,402
Net cash provided by operating activities	\$ 14,773

*The accompanying footnotes are an integral part of these financial statements.*

## **Notes to the Financial Statements**

## **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Sims (the “Town”) 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 Sims is a municipal corporation that is governed by an elected mayor and a five-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 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 non-major funds.

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

## Town of Sims, North Carolina Notes to Financial Statements

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

**Sims Community Park Fund.** This fund is used to account for the construction of a new Town park.

The Town reports the following major enterprise fund:

**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. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise fund 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.

## Town of Sims, North Carolina Notes to Financial Statements

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

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

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Sims because the tax is levied by Wilson County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

### **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. A project ordinance is adopted for the Governmental Capital Project Fund. 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 project level for the multi-year funds. The budget officer is authorized to reallocate appropriations within departments and may execute inter-departmental transfers, in the same fund, not to exceed \$1,000. Notation of all such transfers shall be made to the Town Council on the next succeeding financial report. No salary increases, beyond those set forth in the budget document, may be made without approval of the Town Council. The governing board must approve any budget revision that alters the total expenditures of any fund. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.



**Town of Sims, North Carolina**  
**Notes to Financial Statements**

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

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

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 classified as restricted cash because they 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.

Restricted cash as of June 30, 2019 was comprised of the following amounts:

**Governmental Activities**

**General Fund:**

Powell Bill funds	\$ 28,536
Customer key deposits	25

**Business-type activities**

**Water and Sewer Fund:**

Customer utility deposits	16,931
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Total restricted cash	\$ 45,492
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**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. 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, 2018.

**Town of Sims, North Carolina**  
**Notes to Financial Statements**

**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 receivables aging and by analyzing the percentage of receivables that was written off in prior years.

**6. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The Town has elected to record general infrastructure assets on a prospective basis beginning with the implementation of GASB 34. 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
Land improvements	25
Buildings	40
Water plant and distribution systems	5-50
Sewer plant and collection systems	50
Equipment and furniture	5-20

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of fund balance / net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has no items that meet this criterion. In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of fund balance / net position that applies to a future period and so will not be recognized as revenue until then. The Town has one item that meets the criterion for this category - property taxes receivable.

## **8. 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 externally imposed either by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

For purposes of net position classification, expenses are to be spent from restricted net position first and then unrestricted net position.

### **Fund Balances:**

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

The governmental fund types classify fund balances as follows:

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

**Restricted Fund Balance** – This classification includes amounts that are restricted to specific purposes externally imposed 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.

**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 the Town of Sims' 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 Sims, North Carolina Notes to Financial Statements

**Assigned fund balance** – portion of fund balance that the Town of Sims 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 Finance Officer to reallocate appropriations within departments as long as salaries are not increased and between departments not to exceed \$1,000.

**Unassigned fund balance** – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds, nor any amounts in nonspendable form.

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

### 9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

### 10. Future Accounting Pronouncements

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Town is currently reviewing this statement to determine the effect on the Town's financial statements. With the issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, the effective date of this statement has been postponed by 18 months.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

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

The Town violated G.S. 159-34(a) which states that each unit of local government and public authority shall have its accounts audited as soon as possible after the close of each fiscal year. The audit for fiscal year end June 30, 2019 was due October 31, 2019.

Corrective action to avoid future violations includes obtaining a timely contract to audit the Town's accounts so that the auditor will have sufficient time to complete and submit a timely audit.

**2. Contractual Violations**

None.

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

None.

**C. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2019, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for transfers to other funds by \$29,009. The Town budgeted a transfer to the Sims Community Park Project of \$60,000 but actually transferred \$89,009. This over-expenditure occurred because more local contributions than expected were required to complete the project. Management and the Board will more closely review the budget reports to anticipate transfers in future years.

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 for water and sewer operations by \$4,531. This over-expenditure occurred because water and sewer salaries were in an unformatted QuickBooks payroll account at June 30. When the proper allocation of water and sewer salaries was made as part of the fiscal year end closing process, the over-expenditure became apparent but it was too late to amend the budget. Management and the Board will more closely review the budget reports and the proper allocation of water and sewer salaries in future years.

For the fiscal year ended June 30, 2019, the expenditures made in the Town's Sims Community Park Project Ordinance exceeded the authorized appropriations made by the governing board for the project by \$53,337. The multi-year project, which was closed and completed during the current year, had an overall budget of \$150,000 but the Town actually expended \$203,337 to complete the project. This over-expenditure occurred because more local contributions than expected were required to complete the project. Management and the Board will more closely review the budget reports to anticipate expenditures in future years.

**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 agents 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 agents 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. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town's deposits had a carrying amount of \$1,058,777 and a bank balance of \$1,067,648. Of the bank balance, \$500,000 was covered by federal depository insurance and \$567,648 was covered by collateral held under the Pooling Method.

**Town of Sims, North Carolina**  
**Notes to Financial Statements**

**2. Receivables – Allowances for Doubtful Accounts**

Receivables at the government-wide level at June 30, 2019, were as follows:

	Accounts Receivable	Taxes and Related Accrued Interest	Due from Other Governments	Total
<b>Governmental activities:</b>				
General Fund	\$ 4,204	\$ 2,761	\$ 10,607	\$ 17,572
Allowance for doubtful accounts	(1,300)	(566)	-	(1,866)
Total governmental activities	<u>\$ 2,904</u>	<u>\$ 2,195</u>	<u>\$ 10,607</u>	<u>\$ 15,706</u>
<b>Business-type activities</b>				
Water and sewer	\$ 18,452	\$ -	\$ -	\$ 18,452
Allowance for doubtful accounts	(11,010)	-	-	(11,010)
Total business-type activities	<u>\$ 7,442</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,442</u>

The due from other governments that is owed to the Town consists of the following:

**General Fund:**

Local option sales tax	\$ 6,305
Utility franchise tax	2,986
Wilson County - property taxes	<u>1,316</u>
Total governmental activities	<u>\$ 10,607</u>

**Town of Sims, North Carolina**  
**Notes to Financial Statements**

**3. Capital Assets**

Governmental capital asset activity for the Town for the year ended June 30, 2019 was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 16,115	\$ -	\$ -	\$ 16,115
Construction in progress	71,755	131,582	203,337	-
Total capital assets not being depreciated	87,870	131,582	203,337	16,115
<b>Capital assets being depreciated:</b>				
Land improvements	-	98,337	-	98,337
Buildings	48,094	66,469	-	114,563
Equipment and furniture	16,452	38,531	-	54,983
Total capital assets being depreciated	64,546	203,337	-	267,883
<b>Less accumulated depreciation for:</b>				
Land improvements	-	1,966	-	1,966
Buildings	10,693	2,531	-	13,224
Equipment and furniture	24,170	3,902	-	28,072
Total accumulated depreciation	34,863	\$ 8,399	\$ -	43,262
Total capital assets being depreciated, net	29,683			224,621
<b>Governmental activity capital assets, net</b>	<b>\$ 117,553</b>			<b>\$ 240,736</b>

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

General government	\$ 1,505
Cultural and recreational	6,894
Total depreciation expense	\$ 8,399



**Town of Sims, North Carolina**  
**Notes to Financial Statements**

Business-type capital asset activity for the Town for the year ended June 30, 2019 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Water and Sewer Fund</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 55,734	\$ -	\$ -	\$ 55,734
<b>Capital assets being depreciated:</b>				
Water plant and distribution systems	192,565	-	-	192,565
Sewer plant and collection systems	2,330,601	-	-	2,330,601
Equipment and furniture	40,091	-	-	40,091
Total capital assets being depreciated	<u>2,563,257</u>	-	-	<u>2,563,257</u>
<b>Less accumulated depreciation for:</b>				
Water plant and distribution systems	167,441	2,957	-	170,398
Sewer plant and collection systems	734,896	46,612	-	781,508
Equipment and furniture	24,479	1,783	-	26,262
Total accumulated depreciation	<u>926,816</u>	<u>\$ 51,352</u>	<u>\$ -</u>	<u>978,168</u>
Total capital assets being depreciated, net	<u>1,636,441</u>			<u>1,585,089</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 1,692,175</u>			<u>\$ 1,640,823</u>

**4. Construction Commitments**

The Town had no active construction projects as of June 30, 2019.

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2019, were as follows:

	Vendors	Salaries and Wages	Benefits and Payroll Withholdings	Customer Deposits Payable	Total
<b>Governmental Activities:</b>					
General	\$ 17,516	\$ -	\$ 614	\$ 25	\$ 18,155
<b>Business-type Activities:</b>					
Water and sewer	\$ 3,319	\$ -	\$ 572	\$ 16,931	\$ 20,822

**Town of Sims, North Carolina**  
**Notes to Financial Statements**

**2. Deferred Inflows of Resources**

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

	Statement of Net Position	General Fund Balance Sheet
Property taxes receivable (General Fund)	\$ -	\$ 1,809

**3. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, and workers’ compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers’ compensation claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does not carry flood insurance through the National Flood Insurance Plan (NFIP). The Town does not own property located in a flood plain and had no flood damage from the extensive damage caused in North Carolina by major hurricanes affecting North Carolina in recent years.

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 coverage with the NC League of Municipalities. The finance officer is bonded for \$50,000 with the NC League of Municipalities.

**4. Claims, Judgments and Contingent Liabilities**

According to the Town attorney, at June 30, 2019, there are no pending or threatened litigation, claims or assessments against the Town.

**Town of Sims, North Carolina**  
**Notes to Financial Statements**

**C. Interfund Balances and Activity**

**Balances Due to/from Other Funds**

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

Due to the General Fund from the Water and Sewer Fund	<u>\$ 12,830</u>
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The interfund balances due to the General Fund from the Water and Sewer Fund resulted from the time lag between the 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.

**Transfers to/from Other Funds**

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

From the General Fund to Sims Community Park	<u>\$ 89,009</u>
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Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided for matching funds for various grant programs.

During the 2019 fiscal year, the Town made a one-time transfer from the General fund of \$89,009 to the Governmental Capital Project Fund per the terms of a matching grant related to the construction of a new Town park.

**D. Fund Balance**

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

<b>Total Fund Balance - General Fund</b>	\$ 514,670
Less:	
Stabilization by State Statute	26,341
Streets - Powell Bill	<u>28,536</u>
<b>Remaining Fund Balance</b>	<u>\$ 459,793</u>

#### **IV. JOINTLY GOVERNED ORGANIZATION**

The Town, in conjunction with other municipalities, established the Upper Coastal Plain Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town of Sims paid membership fees of \$387 to the Council during the fiscal year ended June 30, 2019.

#### **V. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

##### **A. State Assisted Programs**

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

#### **VI. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS**

In July 2019, the Town reached a pipeline easement agreement with Atlantic Coast Pipeline and received a check for \$214,723 in October 2019 which was deposited into the Water & Sewer Fund.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, certain operations of the Town have been affected. The ability of some residents to make tax and/or utility payments has and may at times be impacted by the effects of the pandemic, as well as, state shared revenues, local, state and federal grant funding. In response to this event, the Town, through Executive Order of the Governor, suspended its cut-off policies for non-payment of utilities and/or extended due dates and payment options of utilities and property taxes for residents. Continued effects of the pandemic may result in uncertainties and a negative impact on operating activities and results of the Town. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

The Board has evaluated subsequent events through October 22, 2020, the date which the financial statements were available to be issued.

## **Supplementary Schedules**

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This Section Contains Individual Fund Schedules.

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**Town of Sims, North Carolina**

**General Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
For the Fiscal Year Ended June 30, 2019  
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
<b>Ad valorem taxes</b>				
Current year	\$	\$ 90,058	\$	\$ 84,570
Prior years		807		402
Penalties and interest		191		149
Total		<u>75,000</u>	<u>16,056</u>	<u>85,121</u>
<b>Unrestricted intergovernmental</b>				
Local option sales taxes		34,843		33,102
Utilities sales tax		9,599		9,230
Telecommunications sales tax		4,737		5,070
Video franchise fee		2,185		2,351
Piped natural gas sales tax		-		5
Beer and wine tax		1,314		1,321
Total		<u>43,000</u>	<u>9,678</u>	<u>51,079</u>
<b>Restricted intergovernmental</b>				
Powell Bill allocation		8,282		8,421
Solid waste disposal tax		213		208
Total		<u>8,350</u>	<u>145</u>	<u>8,629</u>
<b>Permits and fees</b>				
Building permits		15		30
Zoning fees		5,408		290
Total		<u>240</u>	<u>5,183</u>	<u>320</u>
<b>Sales and services</b>				
Garbage, recycling and yard waste collection fees		34,385		31,808
Cable TV franchise fees		-		1,137
Total		<u>30,200</u>	<u>4,185</u>	<u>32,945</u>
<b>Investment earnings</b>				
Interest earned		410	1,040	825
<b>Miscellaneous</b>				
Miscellaneous		148		75
Town Hall rental		1,243		903
Total		<u>800</u>	<u>591</u>	<u>978</u>
Total revenues		<u>158,000</u>	<u>36,878</u>	<u>179,897</u>

(continued)

**Town of Sims, North Carolina  
General Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
For the Fiscal Year Ended June 30, 2019  
(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
<b>EXPENDITURES</b>	158,000	143,800	14,200	128,506
Revenues over expenditures	-	51,078	51,078	51,391
<b>OTHER FINANCING SOURCES (USES)</b>				
Appropriated fund balance	60,000	-	(60,000)	-
Transfers to other funds	(60,000)	(89,009)	(29,009)	(3,891)
Total other financing sources (uses)	-	(89,009)	(89,009)	(3,891)
Revenues and other financing sources over (under) expenditures and other uses	<u>\$ -</u>	<u>(37,931)</u>	<u>\$ (37,931)</u>	47,500
<b>FUND BALANCE, BEGINNING</b>		<u>552,601</u>		<u>505,101</u>
<b>FUND BALANCE, ENDING</b>		<u>\$ 514,670</u>		<u>\$ 552,601</u>

**Town of Sims, North Carolina**  
**General Fund**

**Schedule of Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

	2019		2018	
	Budget	Actual	Variance Positive (Negative)	Actual
<b>GENERAL GOVERNMENT</b>				
<b>Governing body:</b>				
Salaries and employee benefits	\$	\$ 6,470	\$	\$ 8,397
<b>Administration:</b>				
Salaries and employee benefits		9,807		18,733
Contract services		43,271		16,314
Repairs and maintenance		9,079		8,293
Advertising		1,197		88
Education and training		100		100
Insurance and bonds		6,172		6,058
Miscellaneous		794		399
Office supplies and postage		5,955		4,483
Travel		138		216
Utilities		8,217		6,114
Telephone		1,187		2,000
Total general government	103,150	92,387	10,763	71,195
<b>PUBLIC SAFETY</b>				
<b>Fire department:</b>				
Contribution to Sims Volunteer Fire Department	1,000	1,000	-	200
<b>TRANSPORTATION</b>				
<b>Street repair and construction:</b>				
Powell Bill expenditures		250		3,832
Utilities		12,545		13,440
Total transportation	14,500	12,795	1,705	17,272
<b>ENVIRONMENTAL PROECTION</b>				
<b>Solid waste:</b>				
Contract services		37,113		36,422
Bad debts		-		200
Total environmental protection	37,500	37,113	387	36,622
<b>CULTURAL AND RECREATIONAL</b>				
<b>Recreation:</b>				
Contract services		-		3,217
Repairs and maintenance		85		-
Utilities		420		-
Total cultural and recreational	1,850	505	1,345	3,217
Total expenditures	\$ 158,000	\$ 143,800	\$ 14,200	\$ 128,506



**Town of Sims, North Carolina  
Governmental Capital Projects Fund**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2019**

**SIMS COMMUNITY PARK**

Project Author - ization	Actual			Variance Positive (Negative)
	Prior Years	Current Year	Total to Date	

**REVENUES**

**Restricted intergovernmental revenues:**

NC Parks and Recreation Trust

Fund Grant

\$ 75,000	\$ 34,861	\$ 40,139	\$ 75,000	\$ -
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**EXPENDITURES**

**Capital outlay:**

**Cultural and recreational:**

Children's playground equipment

33,437

-

33,437

Walking trail

-

46,263

46,263

Picnic shelter

-

66,469

66,469

Accessory equipment

5,094

-

5,094

Site preparation and improvements

23,724

18,850

42,574

Planning and legal

9,500

-

9,500

Total expenditures

150,000

71,755

131,582

203,337

(53,337)

Revenues over (under) expenditures

(75,000)

(36,894)

(91,443)

(128,337)

(53,337)

**OTHER FINANCING SOURCES**

Transfer from General Fund

75,000

39,328

89,009

128,337

53,337

Revenues and other financing sources  
over (under) expenditures

\$

-

\$

2,434

(2,434)

\$

-

\$

-

**FUND BALANCE, BEGINNING**

2,434

**FUND BALANCE, ENDING**

\$

-

**Town of Sims, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

	2019		2018	
	Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Charges for services:				
Water service	\$	\$ 47,994	\$	\$ 46,059
Sewer service		57,411		54,002
Reconnection and late fees		2,947		1,791
Total charges for services	92,200	108,352	16,152	101,852
Other operating revenues	1,300	4,902	3,602	3,003
Total operating revenues	93,500	113,254	19,754	104,855
Nonoperating revenues:				
Interest on investments	500	1,618	1,118	877
Total revenues	94,000	114,872	20,872	105,732
<b>EXPENDITURES</b>				
Water and sewer operations	94,000	98,531	(4,531)	81,173
Capital outlay	-	-	-	16,400
Total expenditures	94,000	98,531	(4,531)	97,573
Revenues over expenditures and other uses	\$ -	\$ 16,341	\$ 16,341	\$ 8,159

**Town of Sims, North Carolina**  
**Water and Sewer Fund**

**Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

2019			2018
Budget	Actual	Variance Positive (Negative)	Actual

**RECONCILIATION FROM BUDGETARY BASIS  
(MODIFIED ACCRUAL) TO FULL ACCRUAL BASIS:**

Revenues over expenditures and other uses	\$ 16,341		\$ 8,159
<b>Reconciling items:</b>			
Capital outlay	-		16,400
Depreciation	<u>(51,352)</u>		<u>(51,243)</u>
<b>Change in net position</b>	<u><u>\$ (35,011)</u></u>		<u><u>\$ (26,684)</u></u>

**Town of Sims, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Expenditures – Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2019**  
**(With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018)**

	2019			2018
	Budget	Actual	Variance Positive (Negative)	Actual
<b>WATER AND SEWER OPERATIONS</b>				
Salaries and employee benefits	\$	\$ 15,284	\$	\$ 15,315
Contract services		3,693		1,000
Utilities		4,548		3,651
Repairs and maintenance		16,504		11,818
OCR contract		6,300		6,300
Water purchases		12,078		8,955
Postage		700		1,020
Office supplies		2,205		-
Telephone		767		807
Miscellaneous		1,378		1,988
Water analysis		1,135		679
Chemicals		788		1,169
Sewer disposal		32,966		27,711
Bad debts		185		760
Total water and sewer operations	94,000	98,531	(4,531)	81,173
<b>CAPITAL OUTLAY</b>				
	-	-	-	16,400
Total expenditures	\$ 94,000	\$ 98,531	\$ (4,531)	\$ 97,573

### **Other Schedules**

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This section contains additional information on property taxes.

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

**Town of Sims, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2019**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections</u>	<u>Releases</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 91,033 (a)	\$ 90,058 (b)	\$ 2 (a)	\$ 973 (c)
2017-2018	1,116	-	480	-	636
2016-2017	465	-	257	-	208
2015-2016	212	-	-	-	212
2014-2015	96	-	53	-	43
2013-2014	-	-	-	-	-
2012-2013	107	-	-	-	107
2011-2012	34	-	4	-	30
2010-2011	93	-	5	-	88
2009-2010	82	-	4	-	78
2008-2009	8	-	4	4	-
	<u>\$ 2,213</u>	<u>\$ 91,033</u>	<u>\$ 90,865 (d)</u>	<u>\$ 6</u>	<u>2,375</u>

Less: allowance for uncollectible ad valorem taxes receivable (566)

Ad valorem taxes receivable - net \$ 1,809

**RECONCILIATION TO REVENUES:**

Ad valorem taxes - General Fund \$ 91,056

**Reconciling items:**

Penalties and interest collected (191)

Total collections \$ 90,865 (d)

The lower case letters next to certain amounts on the Analysis of Current Tax Levy and in the above schedule show the relationship of taxes levied, taxes collected, and uncollected taxes on both schedules.

**Town of Sims, North Carolina**  
**Analysis of Current Tax Levy**  
**Town – Wide Levy**  
**June 30, 2019**

	Town - Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy:</b>					
Property taxed at current year's rate	\$ 17,675,957	0.47	\$ 83,077	\$ 70,262	\$ 12,815
<b>Discoveries:</b>					
Current year taxes	1,692,766		7,956	7,956	-
<b>Abatements</b>	(426)		(2)	(2)	-
Total property valuation	<u>\$ 19,368,297</u>				
Net levy			91,031 (a)	78,216	12,815
Uncollected taxes at June 30, 2019			<u>(973) (c)</u>	<u>(973)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 90,058 (b)</u>	<u>\$ 77,243</u>	<u>\$ 12,815</u>
Current levy collection percentage			<u>98.93%</u>	<u>98.76%</u>	<u>100.00%</u>

The lower case letters next to certain amounts on the Schedule of Ad Valorem Taxes Receivable and in the above schedule show the relationship of taxes levied, taxes collected, and uncollected taxes on both schedules.