

---

**Town of Everetts**

---

**Everetts, North Carolina**

---

**Audit Report**

**June 30, 2020**

---

# **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**  
**Table of Contents**  
**June 30, 2020**

	<u>Exhibit/ Schedule Number</u>	<u>Page</u>
<b>Financial Section:</b>		
<b>Independent Auditor's Report</b>		1
<b>Management's Discussion and Analysis</b>		4
<b>Basic Financial Statements:</b>		
I. Government-Wide Financial Statements:		
Statement of Net Position	A-1	12
Statement of Activities	A-2	13
II. Fund Financial Statements:		
Balance Sheet - Governmental Funds	A-3	14
Reconciliation of Governmental Funds Balance Sheet with Statement of Net Position	A-4	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	A-5	16
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities	A-6	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	A-7	18
Statement of Net Position - Proprietary Funds	A-8	19
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	A-9	20
Statement of Cash Flows - Proprietary Funds	A-10	21
III. Notes to the Financial Statements		22
<b>Individual Fund Statements and Schedules:</b>		
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	1	34
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP) - Water & Sewer Fund	2	37
<b>Other Schedules:</b>		
Schedule of Ad Valorem Taxes Receivable	3	38
Analysis of Current Year Levy - General Fund Property Tax	4	39

# 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, 2020, 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

2313 EXECUTIVE CIRCLE, SUITE B • GREENVILLE, NC 27858 • (252) 561-8292 • FAX (888) 850-0782  
[www.lecarpentercpa.com](http://www.lecarpentercpa.com) • [info@lecarpentercpa.com](mailto:info@lecarpentercpa.com)

## **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

December 21, 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, 2020. 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 \$1,886,741 (net position).
- The government's total net position decreased by \$74,616 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 \$51,296 with a net decrease of \$41,555 in fund balance. Approximately 92.39% of this amount, or \$43,524, is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$41,555 or 217.02% percent of total general fund expenditures for the fiscal year.

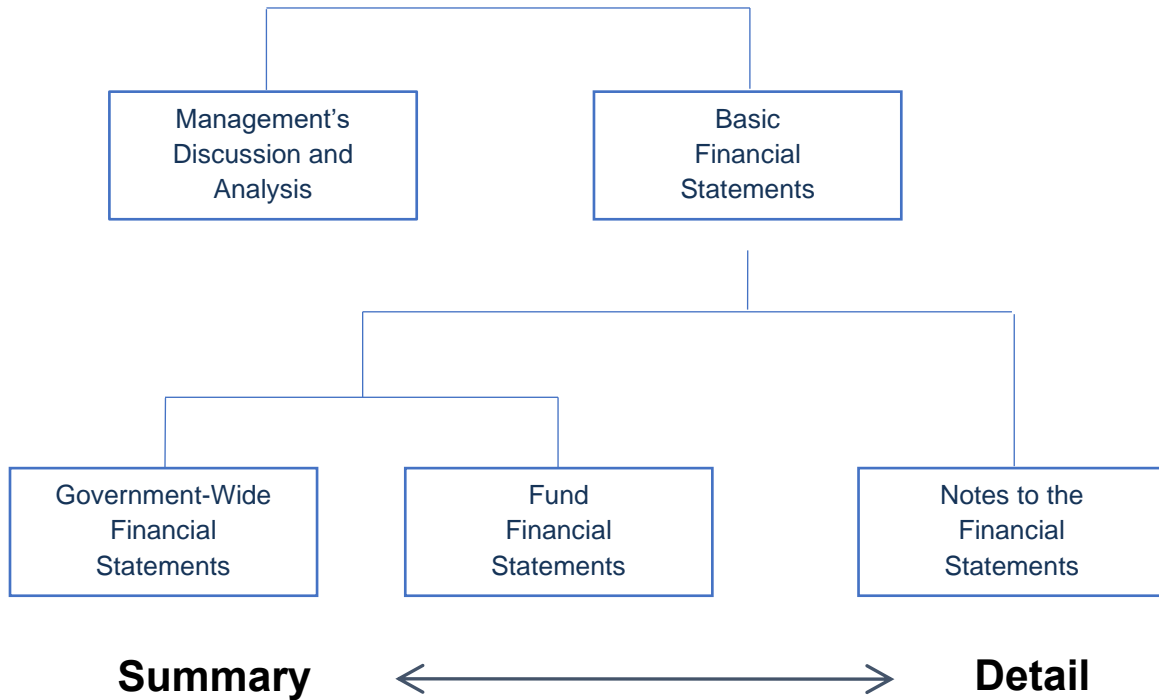
### **Overview of the Financial Statements**

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 Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 57,207	\$ 97,563	\$ 30,710	\$ 15,342	\$ 87,917	\$ 112,905
Capital assets	50,580	53,798	1,765,439	1,820,728	1,816,019	1,874,526
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	107,787	151,361	1,796,149	1,836,070	1,903,936	1,987,431
Current liabilities	2,648	984	15,547	25,090	18,195	26,074
Noncurrent liabilities	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-
Total liabilities and deferred inflow of resources	2,648	984	15,547	25,090	18,195	26,074
Net investment in capital assets	50,580	53,798	1,765,439	1,820,728	1,816,019	1,874,526
Restricted	5,363	4,681	-	-	5,363	4,681
Unrestricted	49,196	91,898	16,163	(9,748)	65,359	82,150
Total net position	\$ 105,139	\$ 150,377	\$ 1,781,602	\$ 1,810,980	\$ 1,886,741	\$ 1,961,357

*Management's Discussion and Analysis*  
*Town of Everett's*

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 \$1,886,741 as of June 30, 2020. The Town's net position decreased by \$74,616 for the fiscal year ended June 30, 2020. However, the largest portion \$1,816,019 or 96.25% 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; 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, 2020. An additional portion of the Town's net position \$5,363 or 0.05% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$65,359 or 75.27% 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			
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 153,503	\$ 150,014	\$ 153,503	\$ 150,014
Operating grants and contributions	5,306	5,371	50,000	-	55,371	5,371
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	28,868	29,050	-	-	29,050	29,050
Other taxes	21,424	21,024	-	-	21,024	21,024
Unrestricted intergovernmental	-	-	-	-	-	-
Investment earnings	182	337	23	234	360	571
Other	210	478	-	-	478	478
Total revenues	<u>55,990</u>	<u>56,260</u>	<u>203,526</u>	<u>150,248</u>	<u>259,786</u>	<u>206,508</u>
<b>Expenses:</b>						
General government	35,853	33,080	-	-	35,853	33,080
Public safety	2,200	3,000	-	-	2,200	3,000
Transportation	18,805	12,494	-	-	18,805	12,494
Economic and physical development	-	-	-	-	-	-
Environmental protection	8,370	9,123	-	-	8,370	9,123
Water and sewer			268,904	255,385	268,904	255,385
Total expenses	<u>65,228</u>	<u>57,697</u>	<u>268,904</u>	<u>255,385</u>	<u>334,132</u>	<u>313,082</u>
Increase in Net Position before transfers	(9,238)	(1,437)	(65,378)	(105,137)	(74,616)	(106,574)
Transfers	<u>(36,000)</u>	<u>(47,000)</u>	<u>36,000</u>	<u>47,000</u>	<u>-</u>	<u>-</u>
Increase (decrease) in Net Position	(45,238)	(48,437)	(29,378)	(58,137)	(74,616)	(106,574)
Net Position, July 1	<u>150,377</u>	<u>198,814</u>	<u>1,810,980</u>	<u>1,869,117</u>	<u>1,961,357</u>	<u>2,067,931</u>
Net Position, June 30	<u>\$ 105,139</u>	<u>\$ 150,377</u>	<u>\$ 1,781,602</u>	<u>\$ 1,810,980</u>	<u>\$ 1,886,741</u>	<u>\$ 1,961,357</u>

**Governmental activities.** Governmental activities decreased the Town's net position by \$45,238.

**Business-type activities:** Business-type activities decreased the Town's net assets by \$29,378. 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 \$16,163. The total decrease in net position was 29,378.

### **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 \$43,524, while total fund balance reached \$51,296. 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 \$1,781,602. The change in net position for the Water and Sewer Fund was a decrease of \$29,378. 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, 2020, totals \$1,816,019 (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, 2020 fiscal year.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
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	(71,422)	(68,204)	(1,150,763)	(1,095,474)	(1,222,185)	(1,163,678)
Capital assets, net	<u>\$ 50,580</u>	<u>\$ 53,798</u>	<u>\$ 1,765,439</u>	<u>\$ 1,820,728</u>	<u>\$ 1,816,019</u>	<u>\$ 1,874,526</u>

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, 2020 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, 2021**

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, 2021 fiscal year are consistent with June 30, 2021's budget.

**Business – type Activities:** Budgeted revenues and expenditures in the Town's Business type activities for the June 30, 2021 fiscal year are consistent with June 30, 2021'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, 2020**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 46,172	\$ --	\$ 46,172
Taxes receivable, net	3,263	--	3,263
Accounts receivable, net	4,012	22,014	26,026
Prepaid Insurance	2,409	--	2,409
Restricted cash and cash equivalents	1,351	8,696	10,047
<b>Total Current Assets</b>	<b>57,207</b>	<b>30,710</b>	<b>87,917</b>
<i>Noncurrent Assets</i>			
Land and other nondepreciable assets	3,685	3,000	6,685
Other capital assets, net of depreciation	46,895	1,762,439	1,809,334
<b>Total Assets</b>	<b>107,787</b>	<b>1,796,149</b>	<b>1,903,936</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Aggregated deferred outflows	--	--	--
<b>Total Deferred Outflows of Resources</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts payable and accrued liabilities	2,327	5,851	8,178
Accrued salaries and employees payroll taxes	321	--	321
Customer deposits	--	8,696	8,696
<b>Total Current Liabilities</b>	<b>2,648</b>	<b>14,547</b>	<b>17,195</b>
<i>Noncurrent Liabilities</i>			
<b>Total Liabilities</b>	<b>2,648</b>	<b>14,547</b>	<b>17,195</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Aggregated deferred inflows	--	--	--
<b>Total Deferred Inflows of Resources</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>NET POSITION</b>			
Net investment in capital assets	50,580	1,765,439	1,816,019
<i>Restricted for:</i>			
Stabilization by State Statute	4,012	--	4,012
Streets	1,351	--	1,351
<i>Unrestricted</i>	49,196	16,163	65,359
<b>Total Net Position</b>	<b>\$ 105,139</b>	<b>\$ 1,781,602</b>	<b>\$ 1,886,741</b>

**Town of Everetts, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2020**

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	
<b>Primary Government</b>							
<b>Governmental Activities:</b>							
General government	35,853	--	--	--	(35,853)	--	(35,853)
Public safety	\$ 2,200	\$ --	\$ --	\$ --	\$ (2,200)	\$ --	\$ (2,200)
Transportation	18,805	--	5,306	--	(13,499)	--	(13,499)
Environmental protection	8,370	--	--	--	(8,370)	--	(8,370)
<b>Total Governmental Activities</b>	<u>65,228</u>	<u>--</u>	<u>5,306</u>	<u>--</u>	<u>(59,922)</u>	<u>--</u>	<u>(59,922)</u>
<b>Business-type Activities:</b>							
Water & Sewer Fund	268,904	153,503	50,000	--	--	(65,401)	(65,401)
<b>Total Business-type Activities</b>	<u>268,904</u>	<u>153,503</u>	<u>50,000</u>	<u>--</u>	<u>--</u>	<u>(65,401)</u>	<u>(65,401)</u>
<b>Total Primary Government</b>	<u>\$ 334,132</u>	<u>\$ 153,503</u>	<u>\$ 55,306</u>	<u>\$ --</u>	<u>\$ (59,922)</u>	<u>\$ (65,401)</u>	<u>\$ (125,323)</u>

**General Purpose Revenues and Transfers:**

**Revenues**

Ad valorem taxes	28,868	--	28,868
Unrestricted intergovernmental	21,424	--	21,424
Interest and fees	182	23	205
Miscellaneous Income	210	--	210

**Transfers**

	(36,000)	36,000	--
--	----------	--------	----

**Total General Revenues and Transfers**

	<u>14,684</u>	<u>36,023</u>	<u>50,707</u>
--	---------------	---------------	---------------

**Change in Net Position**

	<u>(45,238)</u>	<u>(29,378)</u>	<u>(74,616)</u>
--	-----------------	-----------------	-----------------

Net Position at Beginning of Period

	150,377	1,810,980	1,961,357
--	---------	-----------	-----------

Net Position at End of Period

	<u>\$ 105,139</u>	<u>\$ 1,781,602</u>	<u>\$ 1,886,741</u>
--	-------------------	---------------------	---------------------

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, 2020**

	<b>Major Fund</b>
	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 46,172
Taxes receivable, net	3,263
Accounts receivable, net	4,012
Prepaid Insurance	2,409
Restricted cash and cash equivalents	1,351
<b>Total Assets</b>	<b>57,207</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Aggregated deferred outflows	--
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 57,207</b>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 2,327
Accrued salaries and employees payroll taxes	321
<b>Total Liabilities</b>	<b>2,648</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Aggregated deferred inflows	3,263
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>5,911</b>
<b>FUND BALANCE</b>	
Nonspendable	
Prepays	2,409
Restricted	
Stabilization by State Statute	4,012
Streets	1,351
Unassigned	43,524
<b>Total Fund Balance</b>	<b>51,296</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 57,207</b>

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, 2020**

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

Total Fund Balance - Governmental Funds	\$	51,296
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		50,580
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.		3,263
<b>Total Net Position-Governmental Funds</b>	<b>\$</b>	<b>105,139</b>

*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, 2020**

	<b>Major Fund</b>
	<b>General Fund</b>
<b>Revenues</b>	
Ad valorem taxes	\$ 29,333
Unrestricted intergovernmental	21,424
Restricted intergovernmental	5,306
Miscellaneous Income	210
Interest and fees	182
<b>Total Revenues</b>	<b>56,455</b>
<b>Expenditures</b>	
General government	35,013
Public safety	2,200
Transportation	16,427
Environmental protection	8,370
<b>Total Expenditures</b>	<b>62,010</b>
<b>Excess of Revenues Over</b>	
<b>(Under) Expenditures</b>	<b>(5,555)</b>
<b>Other Financing Sources (Uses)</b>	
Transfers to other funds	(36,000)
<b>Net Other Financing Sources (Uses)</b>	<b>(36,000)</b>
<b>Net Change in Fund Balance</b>	<b>(41,555)</b>
<i>Fund Balance at Beginning of Period</i>	92,851
<b>Fund Balance at End of Period</b>	<b>\$ 51,296</b>

*The accompanying notes are an integral part of these financial statements*

**Town of Everetts, North Carolina**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the Year Ended June 30, 2020**

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

Total Net Change in Fund Balances - Governmental Funds	\$	(41,555)
--------------------------------------------------------	----	----------

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.		(3,218)
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	---------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		(465)
------------------------------------------------------------------------------------------------------------------------------------	--	-------

<b>Changes in Net Position-Governmental Funds</b>	<b>\$</b>	<b><u>(45,238)</u></b>
---------------------------------------------------	-----------	------------------------

*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, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Favorable</b> <b>(Unfavorable)</b> <b>Final to Actual</b>
<b>Revenues</b>				
Ad valorem taxes	\$ 26,750	\$ 26,750	\$ 29,333	\$ 2,583
Unrestricted intergovernmental	19,450	19,450	21,424	1,974
Restricted intergovernmental	8,000	8,000	5,306	(2,694)
Miscellaneous Income	300	300	210	(90)
Interest and fees	350	350	182	(168)
<b>Total Revenues</b>	<u>54,850</u>	<u>54,850</u>	<u>56,455</u>	<u>1,605</u>
<b>Other Financing Sources</b>				
<b>Total Revenues and Other Financing Sources</b>	<u>54,850</u>	<u>54,850</u>	<u>56,455</u>	<u>1,605</u>
<b>Expenditures</b>				
General government	44,000	44,000	35,013	8,987
Public safety	4,500	4,500	2,200	2,300
Transportation	22,500	22,500	16,427	6,073
Environmental protection	8,850	8,850	8,370	480
<b>Total Expenditures</b>	<u>79,850</u>	<u>79,850</u>	<u>62,010</u>	<u>17,840</u>
<b>Other Financing Uses</b>				
Appropriations	(25,000)	(25,000)	--	(25,000)
Transfers to other funds	--	--	36,000	(36,000)
<b>Total Expenditures and Other Financing Uses</b>	<u>54,850</u>	<u>54,850</u>	<u>98,010</u>	<u>(43,160)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>--</u>	<u>--</u>	<u>(41,555)</u>	<u>(41,555)</u>
<b>Net Change in Fund Balance</b>	<u>\$ --</u>	<u>\$ --</u>	<u>(41,555)</u>	<u>\$ (41,555)</u>
<i>Fund Balance at Beginning of Period</i>			92,851	
<b>Fund Balance at End of Period</b>			<u>\$ 51,296</u>	

*The accompanying notes are an integral part of these financial statements*

**Town of Everetts, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2020**

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Water and Sewer</u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Accounts receivable, net	\$ 22,014
Restricted cash and cash equivalents	8,696
<b>Total Current Assets</b>	<u>30,710</u>
<i>Noncurrent Assets</i>	
Land and other nondepreciable assets	3,000
Other capital assets, net of depreciation	1,762,439
<b>Total Assets</b>	<u>1,796,149</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Aggregated deferred outflows	--
<b>Total Deferred Outflows of Resources</b>	<u>--</u>
<b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Accounts payable and accrued liabilities	5,851
Customer deposits	8,696
<b>Total Current Liabilities</b>	<u>14,547</u>
<i>Noncurrent Liabilities</i>	
<b>Total Liabilities</b>	<u>14,547</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Aggregated deferred inflows	--
<b>Total Deferred Inflows of Resources</b>	<u>--</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,765,439
<i>Unrestricted</i>	16,163
<b>Total Net Position</b>	<u>\$ 1,781,602</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, 2020**

	<u>Business-type Activities - Enterprise Funds</u>
	<u>Water and Sewer</u>
<b>Operating Revenues</b>	
Sales and services	\$ 153,503
<b>Total Operating Revenues</b>	<u>153,503</u>
<b>Operating Expenses</b>	
Water and sewer operations	107,039
Waste collection and treatment	106,576
Depreciation	55,289
<b>Total Operating Expenses</b>	<u>268,904</u>
<b>Operating Income (Loss)</b>	<u>(115,401)</u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest and fees	23
<b>Net Non-Operating Revenues (Expenses)</b>	<u>23</u>
<b>Income Before Contributions and Transfers</b>	(115,378)
Transfers from other funds	36,000
Capital contributions	50,000
<b>Change In Net Position</b>	<b>(29,378)</b>
<i>Net Position at Beginning of Period</i>	<u>1,810,980</u>
<b>Net Position at End of Period</b>	<b>\$ <u>1,781,602</u></b>

*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, 2020**

	<b>Enterprise Funds</b>
	<b>Water &amp; Sewer</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 146,831
Cash paid for goods and services	(224,668)
Customer deposits received	510
<b><i>Net cash provided (used) by operating activities</i></b>	<b><i>(77,327)</i></b>
 <b>Cash Flows from Noncapital Financing Activities:</b>	
Transfers from general fund	36,000
<b><i>Net cash provided (used) by noncapital financing activities</i></b>	<b><i>36,000</i></b>
 <b>Cash Flows from Capital and Related Financing Activities:</b>	
Capital contributions	50,000
<b><i>Net cash provided (used) by capital and related financing activities</i></b>	<b><i>50,000</i></b>
 <b>Cash Flows from Investing Activities:</b>	
Investment income received	23
<b><i>Net increase (decrease) in cash and cash equivalents</i></b>	<b><i>8,696</i></b>
Cash and Cash Equivalents - Beginning of Year	-
Cash and Cash Equivalents - End of Year	<b>\$ 8,696</b>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	(115,401)
Depreciation	55,289
<b>Change in assets and liabilities:</b>	
(Increase) decrease in accounts receivables	(6,672)
Increase (decrease) in accounts payable and accrued liabilities	(11,053)
Increase (decrease) in customer deposits	510
<b><i>Net cash provided (used) by operating activities</i></b>	<b><i>\$ (77,327)</i></b>

*The accompanying notes are an integral part of these financial statements*

## **Notes To The Financial Statements**

**NOTE I —SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Town of Everetts, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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, 2020**

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, 2020**

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, 2020**

**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, 2020**

**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:

<b>Asset Class</b>	<b>Estimated Useful Lives</b>
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, 2020**

**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, 2020**

*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, 2020, the expenditures made in the Town's Water and Sewer Fund exceeded the authorized appropriations made by the governing board by \$33,615. This over-expenditure occurred because of increase in costs and additional repairs and maintenances department. 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, 2020**

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, 2020, the Town's deposits had a carrying amount of \$56,219 and a bank balance of \$61,338. Of the bank balance, all was covered by federal depository insurance. The Town has no petty cash.

**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	\$ 1,020
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, 2020**

**2. Capital Assets**

**Governmental Capital Assets**

Capital asset activity for the Primary Government for the year ended June 30, 2020, was as follows:

	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 3,685	\$ -	\$ -	\$ 3,685
Total capital assets not being depreciated	3,685	-	-	3,685
<b>Capital assets being depreciated:</b>				
Buildings	19,245	-	-	19,245
Machinery and Equipment	5,465	-	-	5,465
Vehicles	14,780	-	-	14,780
Other improvements	78,827	-	-	78,827
Total capital assets being depreciated	118,317	-	-	118,317
<b>Less accumulated depreciation for:</b>				
Buildings	11,776	543	-	12,319
Machinery and Equipment	5,380	-	-	5,380
Vehicles	14,780	-	-	14,780
Other improvements	36,268	2,675	-	38,943
Total accumulated depreciation	\$ 68,204	\$ 3,218	\$ -	\$ 71,422
Total capital assets being depreciated, net	50,113			46,895
<b>Governmental activity capital assets, net</b>	<b>\$ 53,798</b>			<b>\$ 50,580</b>

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

<b>Governmental Activities:</b>	
General government	\$ 840
Transportation	2,378
Total	<u>\$ 3,218</u>

**Town of Everetts, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

**Enterprise Fund Capital Assets**

Capital asset activity for the Enterprise Fund for the year ended June 30, 2020, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Total capital assets not being depreciated	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>3,000</u>
<b>Capital assets being depreciated:</b>				
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>
<b>Less accumulated depreciation for:</b>				
Plant Distribution System	1,095,474	55,289	-	\$ 1,150,763
Total accumulated depreciation	<u>1,095,474</u>	<u>\$ 55,289</u>	<u>\$ -</u>	<u>1,150,763</u>
Total capital assets being depreciated, net	<u>1,817,728</u>			<u>1,762,439</u>
<b>Water &amp; Sewer Capital Assets, Net</b>	<u>\$1,820,728</u>			<u>\$ 1,765,439</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)	3,263
Total	<u>\$ 3,263</u>

**Town of Everetts, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**2. 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>	<b>\$ 51,296</b>
Less:	
Stabilization by State Statute	4,012
Streets-Powell Bill	1,351
Prepaid Items	2,409
Working Capital / Fund Balance Policy	
Remaining Fund Balance	43,524

**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, 2020.



**Town of Everetts, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2020**

**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.

Transfers to/from other funds at June 30, 2020, consist of the following:

From the General Fund to the Water and Sewer Fund	<u>\$ 36,000</u>
Total	<u>\$ 36,000</u>

During the fiscal year the Town made a one time transfer from its General Fund to the Water and Sewer fund in the amount of \$36,000. 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 —SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 21, 2020, 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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues</b>			
<b>Ad Valorem Taxes</b>			
Taxes & Interest		\$ 29,333	
Total	<u>26,750</u>	<u>29,333</u>	<u>2,583</u>
<b>Unrestricted Intergovernmental Revenues</b>			
Local option sales tax		12,058	
Utility franchise tax		8,262	
Cable tax		-	
Beer & wine tax		1,104	
Total	<u>19,450</u>	<u>21,424</u>	<u>1,974</u>
<b>Restricted Intergovernmental Revenues</b>			
Powell Bill allocation		5,306	
Total	<u>8,000</u>	<u>5,306</u>	<u>(2,694)</u>
<b>Investment Earnings</b>			
Interest		182	
Total	<u>350</u>	<u>182</u>	<u>(168)</u>
<b>Other Revenues</b>			
Miscellaneous		210	
Total	<u>300</u>	<u>210</u>	<u>(90)</u>
<b>Total Revenue</b>	<u>\$ 54,850</u>	<u>\$ 56,455</u>	<u>1,605</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures</b>			
<b>General Government</b>			
Governing body due and fees		1,435	
Salaries and benefits		7,187	
Legal & professional fees		4,450	
Office supplies		578	
Utilities		11,286	
Insurance		5,370	
Election		2,246	
Other operating expenses		2,461	
Total	<u>44,000</u>	<u>\$ 35,013</u>	<u>8,987</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, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Transportation</b>			
Salaries and benefits		224	
Repairs & maintenance		16,203	
Total	<u>22,500</u>	<u>16,427</u>	<u>6,073</u>
<b>Environmental Protection</b>			
Salaries and benefits		6,027	
Repairs & maintenance		1,071	
Other operating expenses		1,272	
Total	<u>8,850</u>	<u>8,370</u>	<u>480</u>
<b>Total Expenditures</b>			
Revenue over (under) expenditures	<u>79,850</u>	<u>62,010</u>	<u>17,840</u>
<b>Other Financing Sources (Uses)</b>			
Appropriations	(25,000)		(25,000)
Transfers out		36,000	(36,000)
<b>Total Expenditures and Other Financing Uses</b>	<u>54,850</u>	<u>98,010</u>	<u>(43,160)</u>
Net change in fund balance	<u>\$ -</u>	<u>(41,555)</u>	<u>\$ (41,555)</u>
Fund balance - July 1		<u>92,851</u>	
Fund balance - June 30		<u>\$ 51,296</u>	

**Town of Everett, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Fiscal Year Ended June 30, 2020**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Operating Revenue			
Water and sewer charges		\$ 153,503	
Restricted Intergovernmental		50,000	
Total		203,503	
Non-Operating Revenue			
Interest		23	
Total		23	
Total Revenues	\$ 180,000	\$ 203,526	\$ 23,526
<b>Expenditures</b>			
Operations:			
Dues & subscriptions			
Telephone		5,145	
Cost of Water		38,142	
Waste Removal		106,576	
Fees		1,450	
Supplies & Material repairs		6,106	
Utilities		5,655	
Professional Fees		50,000	
Miscellaneous		541	
Total operating expenses	180,000	213,615	(33,615)
<b>Other financing sources (uses)</b>			
Transfers from other funds	-	36,000	36,000
Total other financing sources (uses)	-	36,000	36,000
Revenues and other sources over (under) Revenues over (under) expenditures	\$ -	\$ 25,911	\$ 25,911
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Depreciation		(55,289)	
Total reconciling items		(55,289)	
Changes in Net Position, GAAP basis		\$ (29,378)	

## **OTHER SCHEDULE**

Schedule 3

**Town of Everett's, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**For the Fiscal Year Ended June 30, 2020**

Fiscal Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 24,524	\$ 22,683	\$ 1,842
2018-2019	2,436	-	1,231	1,205
2017-2018	2,101	-	1,115	986
2016-2017	821	-	716	105
2015-2016	636	-	627	9
2014-2015	206	-	204	2
2013-2014	51	-	-	51
2012-2013	7	-	-	7
2011-2012	71	-	-	71
2010-2011	6	-	-	6
2009-2010	16	-	16	-
	<u>6,351</u>	<u>24,524</u>	<u>26,592</u>	<u>4,283.10</u>

Less: Allowance for Uncollectible Accounts 1,020

Ad Valorem Taxes Receivables, Net 3,263

**Reconciliation with Revenues:**

Ad Valorem Tax - General Fund	29,333
Reconciling items:	
Interest collected	(368)
Releases and adjustments	(2,373)
Total Collections and Credits	<u>26,592</u>



**Town of Everett's, North Carolina  
 General Fund  
 Analysis of Current Tax Levy  
 For the Fiscal Year Ended June 30, 2020**

	Property Valuation	Rate per \$100	Total Levy	Total Levy Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property tax at current year's tax rate	\$ 7,419,555	0.40	\$ 29,678	\$ 24,524	\$ 5,154
Net Valuation	<u>\$ 7,419,555</u>				
Net levy			29,678	24,524	5,154
Less uncollected taxes at June 30, 2019			<u>1,842</u>	<u>1,842</u>	<u>-</u>
Current year's taxes collected			<u>\$ 27,837</u>	<u>\$ 22,683</u>	<u>\$ 5,154</u>
Current levy collection percentage			<u>93.79%</u>	<u>92.49%</u>	<u>100.00%</u>