

TOWN OF HARRELLS, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2020

TOWN OF HARRELLS, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2020

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Cynthia J. Ezzell, Town Clerk

TOWN OF HARRELLS, NORTH CAROLINA
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June 30, 2020

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Financial Section



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Independent Auditors' Report

To the Honorable Mayor
And Board of Alderman
Harrells, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Harrells, 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Harrells, North Carolina as of June 30, 2020, and the respective changes in financial position 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 be presented to supplement the basic financial statements. Such information, although not a required 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 basic financial statements of the Town of Harrells, North Carolina. The combining and individual fund statements, budgetary schedules and other schedules are presented for purposed of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, 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 by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Thompson, Price, Scott, Adams & Co., PA

Elizabethtown, North Carolina

December 31, 2020

Town of Harrells
Management's Discussion and Analysis

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

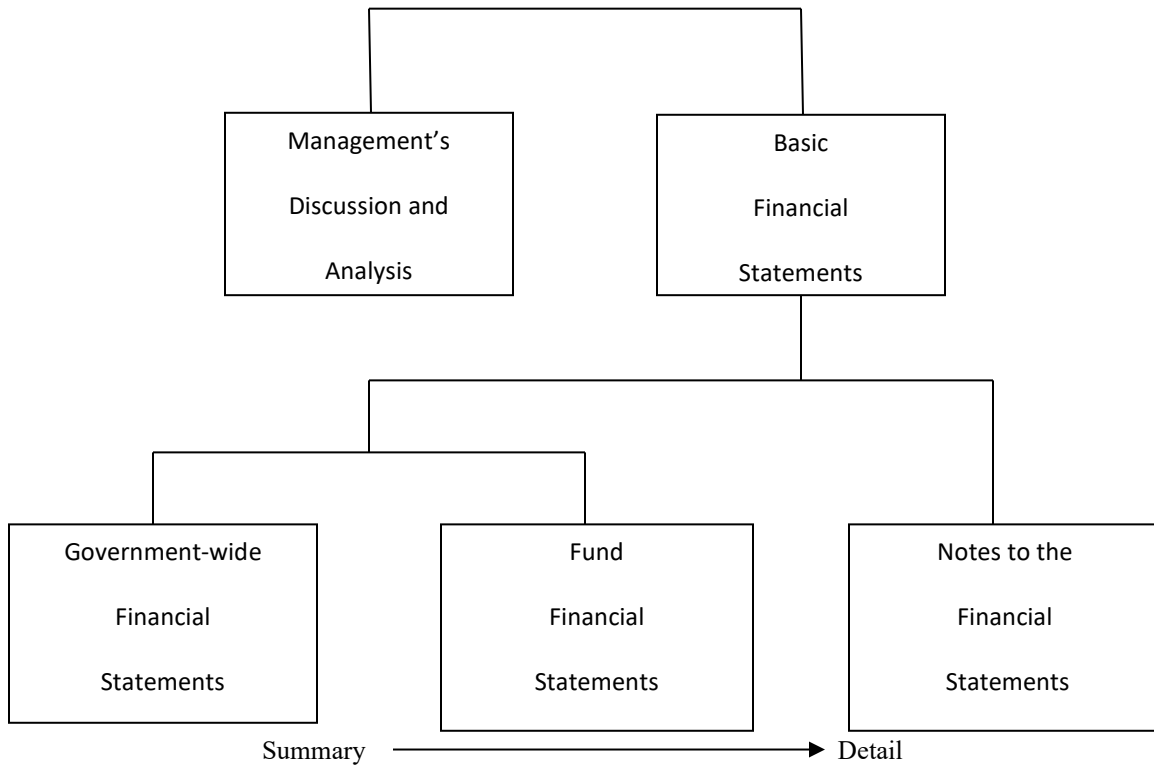
- The assets of the Town of Harrells exceeded its liabilities at the close of the fiscal year by \$472,426 (net position).
- The government's total net position increased by \$3,982, primarily due to an increase in the governmental activities net position.
- As of the close of the current fiscal year, the Town's governmental fund reported an ending fund balance of \$260,174, an increase of \$12,905. Approximately 71 percent of this total amount, or \$186,658, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$186,658, or 142% percent of the 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 Town of Harrells's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Harrells.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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 General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

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

Management Discussion and Analysis

Town of Harrells

Since the Town of Harrells has no business-type activities such as a water service or component units such as an ABC store, the government-wide statements are presented with only one category – governmental activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) 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 Harrells, 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 Harrells are in one category: governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town of Harrells' 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 of Harrells 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.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 17-25 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 US Treasury securities because of actions by foreign governments and other holders of publicly held US Treasury securities.

Government-Wide Financial Analysis

The Town of Harrells's Net Position

Figure 2

	Governmental Activities	
	2020	2019
Assets		
Current and other assets:	\$ 266,210	\$ 254,109
Capital Assets	209,284	217,345
Total assets	<u>475,494</u>	<u>471,454</u>
Liabilities		
Long-term liabilities outstanding	-	-
Other liabilities	<u>3,068</u>	<u>3,010</u>
Total liabilities	<u>3,068</u>	<u>3,010</u>
Net Position		
Net Investment in Capital Assets	209,284	217,345
Restricted	54,526	56,109
Unrestricted(Deficit)	<u>208,616</u>	<u>194,990</u>
Total Net Position	<u>\$ 472,426</u>	<u>\$ 468,444</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 Harrells exceeded liabilities by \$472,426 as of June 30, 2020. The Town's net position increased by \$3,982 for the fiscal year ended June 30, 2020. A portion of net position \$208,616 (44%) is reflected as unrestricted funds. However, the largest portion \$209,284 (44%) of total net position is the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Harrells 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 its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The remaining balance of \$54,526 (12%) represents resources that are subject to external restrictions on how they may be used.

Several particular aspects of Harrell's financial operation negatively influenced the total unrestricted governmental net position, including the following:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 95.86%, which is below the statewide average of 99.81% for units of similar size without electrical systems.

Town of Harrells' Changes in Net Position

Figure 3

	Governmental Activities	
	2020	2019
Revenues		
Program Revenues		
Charges for Services	\$ 13,420	\$ 12,638
Grants and Entitlements	12,082	12,133
General Revenue		
Property Taxes	27,039	25,033
Other Taxes	66,368	69,877
Investment Earnings	116	91
Other	15,356	491
Total Revenues	<u>134,381</u>	<u>120,263</u>
Expenses		
General Government	60,513	41,125
Public Safety	13,824	12,655
Transportation	16,269	15,116
Economic Development	196	18,231
Environmental Protection	19,038	196
Cultural and Recreation	20,559	22,536
Total Expenses	<u>130,399</u>	<u>109,859</u>
Increase(Decrease) in Net Position	<u>3,982</u>	<u>10,404</u>
Net Position, beginning	<u>468,444</u>	<u>458,040</u>
Net Position, ending	<u>\$ 472,426</u>	<u>\$ 468,444</u>

Governmental activities. Governmental activities increased the Town's net position by \$3,982, thereby accounting for 100% of the total increase in the net position of the Town of Harrells. Key elements of this increase are as follows:

- Governmental fund revenues exceeded expenditures by \$3,982.

Financial Analysis of the Town of Harrells'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 Town of Harrells' 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 Harrells' financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Harrells. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$186,658 while total fund balance reached \$260,174. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 142 percent of the total General Fund expenditures, while total fund balance represents approximately 198 percent of the same amount.

Management Discussion and Analysis
Town of Harrells

At June 30, 2020, the governmental fund of the Town reported a fund balance of \$260,174 with a net increase in fund balance of \$12,905, a 5% increase over last year.

General Fund Budgetary Highlights: During the fiscal year, the Town of Harrells 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 more than the budgeted amounts primarily based on conservative budgeting practices. The Town was not able to comply with its budgetary requirements due to increase in cost.

Capital Asset and Debt Administration

Capital assets. The Town of Harrell's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$209,284 (net of accumulated depreciation and related debt). These assets include buildings and improvements.

Major capital asset transactions during the year included the following:

- Downpayment of mower for parks and recreation of \$5,000.
- Purchase of computer for general government of \$608.

**Town of Harrells's Capital Assets
(Net of Depreciation)**

Figure 4

	Governmental Activities	
	2020	2019
Land	\$ 70,611	\$ 70,611
Building	121,760	128,657
Plant and Distribution	-	-
Equipment	6,061	624
Infrastructure	10,852	17,453
	<u>\$ 209,284</u>	<u>\$ 217,345</u>

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

Long-term Debt. As of June 30, 2020, the Town of Harrells had no outstanding debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The Town is well below that limit.

Economic Factors and Next Year's Budgets and Rates

For the upcoming year, management does not expect any surge of new development within the Town.

Due to Harrells' size, it is difficult to show any real increase in jobs within the Town's boundaries. Management reviews the County of Sampson's economic conditions to monitor for its effects on the economy of the Town.

Budget Highlights for the Fiscal Year Ending June 30, 2021.

Governmental Activities: Property taxes and sales tax revenue are expected to remain the same. The Town will continue its commitment to reducing the cost of delivering services.

Budgeted expenditures in the General Fund are expected to rise only as affected by inflation, perhaps 3-5%. The largest expenditures are in employee compensation and sanitation.

Requests for Information

This report is designed to provide an overview of the Town of Harrells'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 attention of the Town Clerk, Town of Harrells, P.O. Box 82, Harrells, NC 28444.

Basic Financial Statements

Town of Harrells, North Carolina
Statement of Net Position
June 30, 2020

Exhibit 1

	<u>Governmental Activities</u>
Assets	
Current assets:	
Cash & cash equivalents	\$ 208,716
Restricted cash	41,390
Taxes receivable (net)	1,287
Accounts receivable (net)	1,681
Prepaid Expenses	-
Due from other governments	13,136
Total current assets	<u>266,210</u>
Non-current Assets:	
Capital Assets:	
Land and nondepreciable improvements	70,611
Other capital assets, net of depreciation	138,673
Total capital assets	<u>209,284</u>
Total Assets	<u>\$ 475,494</u>
 Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 3,068
 Net Position	
Net Investment in capital assets	209,284
Restricted for:	
Stabilization by state statute	13,136
Transportation	41,390
Unrestricted	208,616
Total Net Position	<u>\$ 472,426</u>

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 60,513	\$ 3,075	\$ -	\$ -	\$ (57,438)
Public Safety	13,824	-	6,000	-	(7,824)
Transportation	16,269	-	5,929	-	(10,340)
Environmental Protection	19,038	8,995	153	-	(9,890)
Economic and physical development	196	1,350	-	-	1,154
Cultural and Recreation	20,559	-	-	-	(20,559)
Interest on Long-Term Debt	-	-	-	-	-
Total Governmental Activities	\$ <u>130,399</u>	\$ <u>13,420</u>	\$ <u>12,082</u>	\$ <u>-</u>	<u>(104,897)</u>
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					27,039
Other taxes					66,368
Investment earnings, unrestricted					116
Miscellaneous, unrestricted					15,356
Total general revenues					<u>108,879</u>
Change in net position					3,982
Net position - beginning					<u>468,444</u>
Net position - Ending					<u>\$ 472,426</u>

Balance Sheet
Governmental Funds
June 30, 2020

	<u>Major Funds</u>	
	<u>General Fund</u>	<u>Total Governmental Funds</u>
Assets		
Cash and cash equivalents	\$ 208,716	\$ 208,716
Restricted cash	41,390	41,390
Receivables (net):		
Taxes	1,287	1,287
Garbage assessments	1,681	1,681
Due from other governments	13,136	13,136
Total assets	<u>\$ 266,210</u>	<u>\$ 266,210</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 3,068	\$ 3,068
Total liabilities	<u>3,068</u>	<u>3,068</u>
Deferred inflows of resources		
Property tax receivable	1,287	1,287
Garbage assessments	1,681	1,681
Total deferred inflows of resources	<u>2,968</u>	<u>2,968</u>
Fund Balances:		
Restricted		
Stabilization by State Statute	13,136	13,136
Streets	41,390	41,390
Assigned		
Public Safety	6,683	6,683
Subsequent Year Expenditures	12,307	12,307
Unassigned	186,658	186,658
Total fund balances	<u>260,174</u>	<u>260,174</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 266,210</u>	<u>\$ 266,210</u>

Balance Sheet
Governmental Funds
June 30, 2020

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds		\$ 260,174
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 509,640	
Accumulated depreciation	<u>(300,356)</u>	<u>209,284</u>
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		<u>2,968</u>
Net position of governmental activities		<u><u>\$ 472,426</u></u>

Town of Harrells, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2020

Exhibit 4

	<u>Major Funds</u>	
	<u>General Fund</u>	<u>Total Governmental Funds</u>
Revenues		
Ad valorem taxes	\$ 27,804	\$ 27,804
Unrestricted intergovernmental	66,368	66,368
Restricted intergovernmental	6,082	6,082
Permits and fees	1,350	1,350
Sales and services	18,055	18,055
Other revenues	15,472	15,472
Total revenues	<u>135,131</u>	<u>135,131</u>
Expenditures		
Current:		
General government	60,056	60,056
Public safety	9,737	9,737
Transportation	9,668	9,668
Environmental protection	19,041	19,041
Economic and physical development	196	196
Cultural and recreation	23,528	23,528
Debt service	-	-
Total expenditures	<u>122,226</u>	<u>122,226</u>
Revenues over (under) expenditures	<u>12,905</u>	<u>12,905</u>
Fund balances, beginning	<u>247,269</u>	<u>247,269</u>
Fund balances, ending	<u>\$ 260,174</u>	<u>\$ 260,174</u>

Town of Harrells, North Carolina
**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance to the Statement of Net Position**
Governmental Funds
For the Year Ended June 30, 2020

Exhibit 4,
Continued

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

Net changes in fund balances - total governmental funds	\$ 12,905
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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.

Capital outlay expenditures that were capitalized	5,608
Depreciation expense for Governmental assets	(13,669)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	(862)
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Total changes in net position of governmental activities.	<u>\$ 3,982</u>
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Town of Harrells, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance -
General Fund Budget and Actual
For the Year Ended June 30, 2020

Exhibit 5

	General Fund			Variance With Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 24,450	\$ 24,450	\$ 27,804	\$ 3,354
Unrestricted intergovernmental	62,015	61,870	66,368	4,498
Restricted intergovernmental	6,000	6,145	6,082	(63)
Permits and fees	1,100	1,100	1,350	250
Sales and services	19,310	19,310	18,055	(1,255)
Other revenues	330	15,130	15,472	342
Total revenues	<u>113,205</u>	<u>128,005</u>	<u>135,131</u>	<u>7,126</u>
Expenditures:				
Current:				
General government	55,585	67,065	60,056	7,009
Public safety	9,000	11,300	9,737	1,563
Transportation	14,152	14,152	9,668	4,484
Environmental protection	19,575	20,595	19,041	1,554
Economic and physical development	200	200	196	4
Cultural and recreation	27,000	27,000	23,528	3,472
Debt Service	-	-	-	-
Total expenditures	<u>125,512</u>	<u>140,312</u>	<u>122,226</u>	<u>18,086</u>
Revenues over (under) expenditures	<u>(12,307)</u>	<u>(12,307)</u>	<u>12,905</u>	<u>25,212</u>
Other financing sources (uses):				
Fund balance appropriated	12,307	12,307	-	(12,307)
Total other financing sources (uses)	<u>12,307</u>	<u>12,307</u>	<u>-</u>	<u>(12,307)</u>
Net Change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	12,905	\$ <u>12,905</u>
Fund balances, beginning			<u>247,269</u>	
Fund balances, ending			\$ <u>260,174</u>	

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

TOWN OF HARRELLS, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2020

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the Town of Harrells, North Carolina 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 Harrells is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town.

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 Town has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues 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-*government*-are presented. The emphasis of fund financial statements is on the major governmental fund.

The Town reports the following major governmental fund:

General Fund - The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources of the general government except those 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 administration, street maintenance and construction, and sanitation services.

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 Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus and 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.

TOWN OF HARRELLS, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2020

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.

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 property 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 utilities franchise 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 Harrells because the tax is levied by Sampson 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. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for multi-year funds. The Budget Officer is authorized to transfer appropriations within a fund up to \$2,500; however, any revisions that alter the total expenditures of any fund or exceed \$2,500 must be approved by the governing board. 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 HARRELLS, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2020

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

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The Town has no investments.

Cash and Cash Equivalents

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

Restricted Assets

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.

Town of Harrells Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ 41,390
Total Governmental Activities	\$ 41,390

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, 2019.

Allowance 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.

Inventory

The Town did not have any inventory as of June 30, 2020.

TOWN OF HARRELLS, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2020

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, \$500; Buildings, improvements, substations, lines, and other plant and distribution systems, \$500; infrastructure, \$500; furniture and equipment, \$500; computer software, \$500; and vehicles, \$500. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Motor Vehicles	5
Equipment	7
Computer Software	5
Plant Assets	50

Deferred Inflows of resources

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only one item that meet the criterion for this category-property taxes receivable.

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-spendable 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. The Town has none.

TOWN OF HARRELLS, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2020

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 non-spendable. 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 Town of Harrells's 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.

Assigned fund balance – portion of fund balance that Town of Harrells intends to use for specific purposes.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for emergency medical service expenditures.

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 and any modifications to the original budget.

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

The Town of Harrells adheres to the North Carolina Local Government Commission's recommendation of a minimum fund balance for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance does not go below eight percent of budgeted expenditures. Any portion of the general fund balance in excess of 8% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

The Town of Harrells 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-city 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.

TOWN OF HARRELLS, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2020

NOTE 2: Stewardship, Compliance and Accountability

Significant Violations of Finance-Related Legal and Contractual Provisions

None.

Violation of North Carolina General Statute

None.

Noncompliance with North Carolina General Statutes

Failure to PreAudit

Pursuant to G.S. 15-28, invoices are required to undergo a preaudit according to the Local Government Budget and Fiscal Control Act. The town failed to Preaudit all disbursements. Management and the Board will create a new policy and procedure to ensure compliance in future years.

NOTE 3: Detail Notes on All Funds

A. Assets

Deposits

All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Town's agent(s) in these units' names. 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 their agents in the entity'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 with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for the under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The 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. The Board has no formal policy regarding custodial credit risk.

At June 30, 2020, the Town's deposits had a carrying amount of \$250,091 and a bank balance of \$259,464. All of the bank balance was covered by federal depository insurance. Cash on hand at June 30, 2020 was \$15.

Investments

The Town did not have any investments at June 30, 2020.

Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2020 are net of the following allowances for doubtful accounts:

TOWN OF HARRELLS, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2020

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Total
Governmental Activities:				
General	\$ 1,681	\$ 1,487	\$ 13,136	\$ 16,304
Total Receivables	1,681	1,487	13,136	16,304
Allowance for Doubtful Accounts	-	(200)	-	(200)
Total Governmental Activities	<u>\$ 1,681</u>	<u>\$ 1,287</u>	<u>\$ 13,136</u>	<u>\$ 16,104</u>

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

Sampson County	\$ 546
Local Option Sales Tax	12,590
	<u>\$ 13,136</u>

Capital Assets

A summary of changes in the Town's capital assets follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets not Being Depreciated:				
Land	\$ 70,611	-	-	\$ 70,611
Total Capital Assets not Being Depreciated:	<u>70,611</u>	<u>-</u>	<u>-</u>	<u>70,611</u>
Capital Assets Being Depreciated:				
Buildings	212,226	-	-	212,226
Other improvements	31,127	-	-	31,127
Equipment	52,403	5,608	-	58,011
Vehicles and Motor Equipment	5,639	-	-	5,639
Infrastructure	132,026	-	-	132,026
Total Capital Assets Being Depreciated:	<u>433,421</u>	<u>5,608</u>	<u>-</u>	<u>439,029</u>
Less Accumulated Depreciation				
Buildings	83,569	6,897	-	90,466
Other improvements	31,127	-	-	31,127
Equipment	51,779	171	-	51,950
Vehicles and Motor Equipment	5,639	-	-	5,639
Infrastructure	114,573	6,601	-	121,174
Total Accumulated Depreciation	<u>286,687</u>	<u>\$ 13,669</u>	<u>\$ -</u>	<u>300,356</u>
Total Capital Assets Being Depreciated, net	<u>146,734</u>			<u>138,673</u>
Governmental Activity Capital Assets, net	<u>\$ 217,345</u>			<u>\$ 209,284</u>

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

General Government	\$ 950
Cultural and Recreation	2,031
Public Safety	4,087
Transportation	6,601
Total Depreciation Expense	<u>\$ 13,669</u>

TOWN OF HARRELLS, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2020

B. Liabilities

Pension Plan Obligations

The employees of the Town are not covered by a retirement plan.

Deferred Inflows of Resources

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

	<u>General Fund Balance Sheet</u>
Taxes Receivables (General Fund)	\$ 1,287
Garbage Assessment (General Fund)	<u>1,681</u>
Total	<u>\$ 2,968</u>

Long-Term Obligations

Notes Payable

The Town has no outstanding debt as of June 30, 2020.

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 three 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. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies 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 City upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year.

The Town has not acquired 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. A separate bond is established for the tax collector for \$50,000 and the finance officer for \$50,000.

Claims and Judgments

There are no pending monetary suits against the Town as of June 30, 2020.

TOWN OF HARRELLS, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2020

C. Fund Balance

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

<i>Total fund balance-General Fund</i>	<i>\$260,174</i>
Less:	
Stabilization by State Statute	13,136
Streets-Powell Bill	41,390
Public safety	6,683
Assigned-Subsequent year's expenditures	12,307
Remaining Fund Balance	186,658

NOTE 4: 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. 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 5: Related Party Transactions

The Town paid \$7,630 to Ralph Ezzell, spouse of Town Clerk Cynthia Ezzell for maintenance services. Such services were authorized by the board on April 11, 2006.

NOTE 6: Subsequent Events

Management has evaluated subsequent events through December 31, 2020 the date which the financial statements were available for issue.

Supplementary Statements

The section contains additional statements required by the Local Government Commission
in North Carolina.

Town of Harrells, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Ad valorem taxes	\$	\$ 27,458	\$
Penalties and interest		346	
Total	<u>24,450</u>	<u>27,804</u>	<u>3,354</u>
Unrestricted intergovernmental:			
Local option sales taxes		52,469	
Telecommunications tax		2,092	
Utility franchise tax		10,355	
Video franchise fee		586	
Beer and wine tax		866	
Total	<u>61,870</u>	<u>66,368</u>	<u>4,498</u>
Restricted intergovernmental:			
Solid Waste Disposal Tax		153	
Powell Bill Allocation		5,929	
Total	<u>6,145</u>	<u>6,082</u>	<u>(63)</u>
Permits and fees:			
Fire Inspection Fees		1,050	
Zoning permits		300	
Total	<u>1,100</u>	<u>1,350</u>	<u>250</u>
Sales and services:			
Recreation department			
EMS Service to County		6,000	
Collection fees		8,980	
Rental Revenue		3,075	
Total	<u>19,310</u>	<u>18,055</u>	<u>(1,255)</u>

Town of Harrells, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Other Revenues:			
Investment earnings		116	
Miscellaneous		15,356	
Total Other Revenues	15,130	15,472	342
Total Revenues	128,005	135,131	7,126
General Government:			
Governing Body:			
Salaries		1,050	
Total Governing Body	1,500	1,050	450
Administration:			
Salaries		12,409	
Professional Expenses		6,219	
General Insurance		10,095	
Other Operating Expenses		10,035	
Capital Outlay		608	
Total Administration	43,835	39,366	4,469
Public Buildings:			
Salaries		504	
Insurance and bonds		-	
Repairs and maintenance		16,730	
Utilities		2,406	
Total Public Buildings	21,730	19,640	2,090
Total General Government	67,065	60,056	7,009
Public safety:			
EMS:			
Utilities		2,834	
Repairs and maintenance		4,963	
Other Operating Expenses		1,940	
Capital Outlay		-	
Total	11,300	9,737	1,563
Total Public Safety	11,300	9,737	1,563
Transportation			
Salaries		1,962	
Other Operating Expenses		7,706	
Contracted Services		-	
Total Transportation	14,152	9,668	4,484

Town of Harrells, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Environmental protection:			
Sanitation:			
Salaries		828	
Contracted Services		14,016	
Total Sanitation	14,920	14,844	76
Other:			
Cemetery and mosquito control salaries		72	
Repairs and maintenance		1,051	
Mosquito control		3,074	
Total other	5,675	4,197	1,478
Total Environmental Protection	20,595	19,041	1,554
Economic and physical development:			
County services		196	
Total Economic and physical development	200	196	4
Culture and recreation:			
Parks and recreation:			
Salaries		2,452	
Other Operating Expenses		14,141	
Capital Outlay		5,000	
Total parks and recreation	24,200	21,593	2,607
Nutrition Center:			
Other Operating Expenses		1,735	
Total nutrition center	2,000	1,735	265
Contributions:			
Donations	800	200	600
Total Culture and Recreation	27,000	23,528	3,472

OTHER SCHEDULES

This section includes additional information on property taxes.

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

Town of Harrells, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Total Expenditures	<u>140,312</u>	<u>122,226</u>	<u>18,086</u>
Revenues over (under) expenditures	<u>(12,307)</u>	<u>12,905</u>	<u>25,212</u>
Fund Balance Appropriated	<u>12,307</u>	<u>-</u>	<u>(12,307)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>12,905</u>	<u>\$ 12,905</u>
Fund Balances, beginning		<u>247,269</u>	
Fund Balances, ending		<u>\$ 260,174</u>	

Town of Harrells, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2019</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019 - 2020	\$ -	\$ 26,582	\$ 25,525	\$ 1,057
2018 - 2019	1,892	-	1,567	325
2017 - 2018	317	-	299	18
2016 - 2017	29	-	-	29
Prior years	125	-	67	58
	<u>\$ 2,363</u>	<u>\$ 26,582</u>	<u>\$ 27,458</u>	<u>\$ 1,487</u>
Less: Allowance for uncollectable accounts:				
General Fund				(200)
Ad valorem taxes receivable - net				<u>\$ 1,287</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 27,804
Reconciling items:				
Interest and Penalties				(346)
Releases				-
Subtotal				<u>(346)</u>
Total collections and credits				<u>\$ 27,458</u>

Town of Harrells, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2020

				Total Levy	
	Property Valuation	Town - Wide Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 13,970,000	\$ 0.19	\$ 26,543	\$ 23,640	\$ 2,903
Penalties			39	39	-
Total	<u>13,970,000</u>		<u>26,582</u>	<u>23,679</u>	<u>2,903</u>
Abatements	<u>-</u>	0.19	<u>-</u>	<u>-</u>	<u>-</u>
Total property valuation	<u>\$ 13,970,000</u>				
Net levy			26,582	23,679	2,903
Uncollected taxes at June 30, 2020			<u>1,057</u>	<u>1,057</u>	<u>-</u>
Current year's taxes collected			<u>\$ 25,525</u>	<u>\$ 22,622</u>	<u>\$ 2,903</u>
Current levy collection percentage			<u>95.86%</u>	<u>95.54%</u>	<u>100.00%</u>