
Town of Parmele

Parmele, North Carolina

Audit Report

June 30, 2020

TOWN OF PARMELE

PARMELE, NORTH CAROLINA

TOWN OFFICIALS

Mayor

Jerry M McCrary

Town Commissioners

Lula H. Council – Mayor Pro-Tem

Doris Jackson

Curtis Willett

Glenda Barnes

Town Clerk

Cynthia T. McNally

Town of Parmele, North Carolina
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June 30, 2020

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LARRY E. CARPENTER, CPA, PA

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Parmele, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Parmele, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on the audit. We conducted the 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 presentation of the financial statements.

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

Member:

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

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Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds of Town of Parmele, North Carolina as of June 30, 2020, and the respective changes in financial position, and cash flows, where appropriate, thereof and the respective budgetary comparison of 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 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Parmele, North Carolina's basic financial statements. The individual fund schedules and other schedules are presented for purposes 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 the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual 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 22, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

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

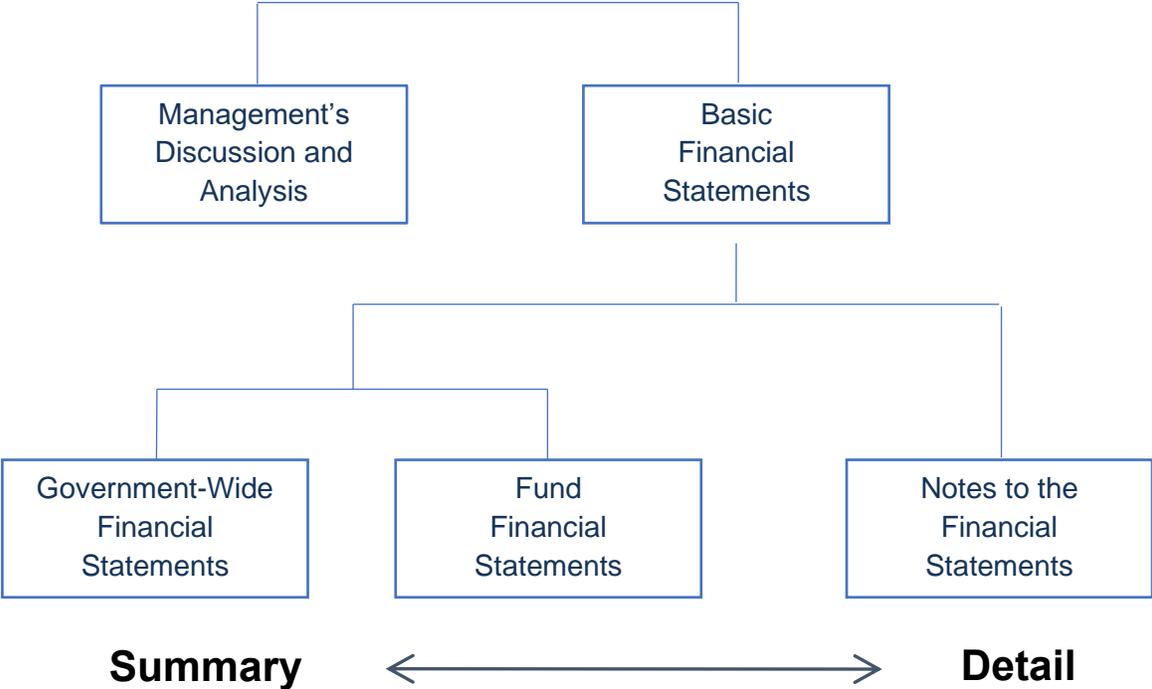
- The assets and deferred outflows of resources of the Town of Parmele exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,726,940 (*net position*).
- The government's total net position increased by \$29,668, primarily due to an increase in both the governmental and the business-type activities net position.
- As of the close of the current fiscal year, the Town of Parmele's governmental funds reported combined ending fund balances of \$255,307 with a net increase of \$106,760 in fund balance. Approximately 88.53% percent of this total amount, or \$226,019 is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$226,019, or 157.66% percent of total general fund expenditures for the fiscal year.
- At end of the current fiscal year, the Town had Restricted Reserves of \$22,973.

Overview of the Financial Statements

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

Components of the Annual Financial Report

Figure 1:



Basic Financial Statements

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-9) 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 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 public safety, cultural and recreation, 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 of Parmele.

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 of Parmele, 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 fall into 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. 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 of Parmele 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 Town Council; 2) the final budget as amended by the Town Council; 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: Town of Parmele has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Parmele uses enterprise funds to account for its water, sewer, sanitation, and stormwater operations. These funds are 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 22 of this report.

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

Town of Parmele's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 302,481	\$ 192,141	\$ 109,643	\$ 124,403	\$ 412,124	\$ 316,544
Capital assets	72,303	79,189	2,255,148	2,329,881	2,327,451	2,409,070
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	374,784	271,330	2,364,791	2,454,284	2,739,575	2,725,614
Current liabilities	6,779	9,352	5,856	12,212	12,635	21,564
Noncurrent liabilities	-	-	-	-	-	-
Deferred inflows of resources	-	-	-	-	-	-
Total liabilities and deferred inflow of resources	6,779	9,352	5,856	12,212	12,635	21,564
Net investment in capital assets	65,524	65,631	2,255,148	2,329,881	2,320,672	2,395,512
Restricted	29,288	26,815	-	-	29,288	26,815
Unrestricted	273,193	162,753	103,787	112,191	376,980	274,944
Total net position	\$ 368,005	\$ 255,199	\$ 2,358,935	\$ 2,442,072	\$ 2,726,940	\$ 2,697,271

Management Discussion and Analysis
Town of Parmele

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 Parmele exceeded liabilities by \$2,726,940 of June 30, 2020. The Town's net position increased by \$29,668 for the fiscal year ended June 30, 2020. However, the largest portion, \$2,320,672 or 85.10%, reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Parmele uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Parmele'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. An additional portion of the Town of Parmele's net position, \$29,288 or .08% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$376,980 or 72.47% is unrestricted.

Town of Parmele's Change in Net Position

Figure 3

	Governmental		Business-Type		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ 7,782	\$ 95,455	\$ 109,019	\$ 103,237	\$ 116,801
Operating grants and contributions	38,877	46,745	-	-	46,745	46,745
General revenues:						
Property taxes	64,036	77,377			77,377	77,377
Other taxes	37,845	36,992			36,992	36,992
Unrestricted intergovernmental	-	-			-	-
Investment earnings	55	27	32	45	59	72
Other	55,461	-	8,851	-	8,851	-
Total revenues	<u>256,274</u>	<u>168,923</u>	<u>104,338</u>	<u>109,064</u>	<u>333,261</u>	<u>277,987</u>
Expenses:						
General government	117,383	126,604			117,383	126,604
Public safety	-	-			-	-
Transportation	26,086	1,588			26,086	1,588
Economic and physical development	-	-			-	-
Environmental protection	-	-			-	-
Culture and recreation	-	7,570			-	7,570
Interest on long-term debt	-	599			-	599
Water and sewer			187,475	169,151	187,475	169,151
Total expenses	<u>143,469</u>	<u>136,361</u>	<u>187,475</u>	<u>169,151</u>	<u>330,944</u>	<u>305,512</u>
Increase in Net Position before transfers	112,805	32,562	(83,137)	(60,087)	29,668	(27,525)
Transfers	-	-	-	-	-	-
Increase (decrease) in Net Position	112,805	32,562	(83,137)	(60,087)	29,668	(27,525)
Net Position, July 1	<u>255,200</u>	<u>222,637</u>	<u>2,442,072</u>	<u>2,502,159</u>	<u>2,697,272</u>	<u>2,724,796</u>
Net Position, June 30	<u>\$ 368,005</u>	<u>\$ 255,199</u>	<u>\$ 2,358,935</u>	<u>\$ 2,442,072</u>	<u>\$ 2,726,940</u>	<u>\$ 2,697,271</u>

Governmental activities: Governmental activities increased the Town net assets by \$112,805.

Business-type activities: Business-type activities decreased the Town of Parmele's net position by \$83,137, accounting for 0.74% of the total decrease in the government's net assets.

Proprietary funds. The Town of Parmele'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 \$2,358,935. The total decrease in net position was \$83,137.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Parmele'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 of Parmele's financing requirements.

The general fund is the chief operating fund of the Town of Parmele. At the end of the current fiscal year, the Town of Parmele's fund balance available in the General Fund was \$226,019, while total fund balance reached \$255,307. The Town currently has an available fund balance of 157.66% of general fund expenditures, while total fund balance represents 178.09% of the same amount.

At June 30, 2020, the governmental funds of the Town of Parmele reported a fund balance of \$255,307 with a net increase in fund balance of \$106,760.

General Fund Budgetary Highlights

During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Capital Asset and Debt Administration

Capital assets. The Town of Parmele's investment in capital assets for its governmental and business—type activities as of June 30, 2020, totaled \$2,327,451 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Town of Parmele's Capital Assets
(Net of Accumulated Depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 16,125	\$ 16,125	\$ -	\$ -	\$ 16,125	\$ 16,125
Buildings	56,458	56,458	-	-	56,458	56,458
Plant Distribution System	-	-	3,562,489	3,562,489	3,562,489	3,562,489
Machinery and Equipment	91,420	91,419	32,129	32,128	123,549	123,547
Infrastructure	42,239	42,239	-	-	42,239	42,239
Vehicles	73,679	73,679	2,590	2,590	76,269	76,269
Other Improvements	2,140	2,140	-	-	2,140	2,140
Subtotal	282,061	282,060	3,597,208	3,597,207	3,879,269	3,879,267
Accumulated depreciation	(209,758)	(202,871)	(1,342,059)	(1,267,326)	(1,551,817)	(1,470,197)
Capital assets, net	\$ 72,303	\$ 79,189	\$ 2,255,149	\$ 2,329,881	\$ 2,327,452	\$ 2,409,070

Long-term Debt

As of June 30, 2020, the Town had a total debt outstanding of \$6,779, all of which was an installment obligation. All outstanding debt is backed by full faith and credit of the town.

Town of Parmele
General Obligations and Loans

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Installment Purchases	6,779	13,557	-	-	6,779	13,557
Total	\$ 6,779	\$ 13,557	\$ -	\$ -	\$ 6,779	\$ 13,557

Economic Factors and Next Year's Budget and Rates

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

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

Budget Highlights for the Fiscal Year Ending June 30, 2020

Tax revenues along with other general fund revenues are expected to remain constant and no property tax rate increase is being considered at this time.

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:

**Town Clerk,
Town of Parmele
PO Box 338
Parmele, NC 28587**

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 239,380	\$ 87,129	\$ 326,509
Taxes receivable, net	47,174	--	47,174
Accounts receivable, net	6,315	3,297	9,612
Restricted cash and cash equivalents	22,973	5,856	28,829
Internal Balances	(13,361)	13,361	--
Total Current Assets	302,481	109,643	412,124
<i>Noncurrent Assets</i>			
Land and other nondepreciable assets	16,125	--	16,125
Other capital assets, net of depreciation	56,178	2,255,148	2,311,326
Total Assets	374,784	2,364,791	2,739,575
DEFERRED OUTFLOWS OF RESOURCES			
Aggregated deferred outflows	--	--	--
Total Deferred Outflows of Resources	--	--	--
LIABILITIES			
<i>Current Liabilities</i>			
Customer deposits	--	5,856	5,856
Current portion of long-term debt	6,779	--	6,779
Total Current Liabilities	6,779	5,856	12,635
<i>Noncurrent Liabilities</i>			
Total Liabilities	6,779	5,856	12,635
DEFERRED INFLOWS OF RESOURCES			
Aggregated deferred inflows	--	--	--
Total Deferred Inflows of Resources	--	--	--
NET POSITION			
Net investment in capital assets	65,524	2,255,148	2,320,672
<i>Restricted for:</i>			
Stabilization by State Statute	6,315	--	6,315
Streets	22,973	--	22,973
<i>Unrestricted</i>	273,193	103,787	376,980
Total Net Position	\$ 368,005	\$ 2,358,935	\$ 2,726,940

**Town of Parmele, 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	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General government	117,383	--	30,067	60,000	(27,316)	--	(27,316)
Transportation	\$ 26,086	\$ --	\$ 8,810	\$ --	\$ (17,276)	\$ --	\$ (17,276)
Total Governmental Activities	143,469	--	38,877	60,000	(44,592)	--	(44,592)
Business-type Activities:							
Water & Sewer	187,475	95,455	--	--	--	(92,020)	(92,020)
Total Business-type Activities	187,475	95,455	--	--	--	(92,020)	(92,020)
Total Primary Government	\$ 330,944	\$ 95,455	\$ 38,877	\$ 60,000	\$ (44,592)	\$ (92,020)	\$ (136,612)
General Purpose Revenues and Transfers:							
Revenues							
Ad valorem taxes					64,036	--	64,036
Unrestricted intergovernmental					37,845	--	37,845
Interest and fees					55	32	87
Miscellaneous Income					5,461	8,851	14,312
Sale of Capital Assets					50,000	--	50,000
Transfers					--	--	--
Total General Revenues and Transfers					157,397	8,883	166,280
Change in Net Position					112,805	(83,137)	29,668
<i>Net Position at Beginning of Period</i>					<i>255,200</i>	<i>2,442,072</i>	<i>2,697,272</i>
Net Position at End of Period					\$ 368,005	\$ 2,358,935	\$ 2,726,940

The accompanying notes are an integral part of this financial statement.

FUND FINANCIAL STATEMENTS

**Town of Parmele, North Carolina
Balance Sheet
Governmental Funds
June 30, 2020**

	Major Fund
	General Fund
ASSETS	
Cash and cash equivalents	\$ 239,380
Taxes receivable, net	47,174
Accounts receivable, net	6,315
Restricted cash and cash equivalents	22,973
Due from other funds	(13,361)
Total Assets	302,481
DEFERRED OUTFLOWS OF RESOURCES	
Aggregated deferred outflows	--
Total Assets and Deferred Outflows of Resources	\$ 302,481
LIABILITIES	
Total Liabilities	--
DEFERRED INFLOWS OF RESOURCES	
Aggregated deferred inflows	47,174
Total Liabilities and Deferred Inflows of Resources	47,174
FUND BALANCE	
Restricted	
Stabilization by State Statute	6,315
Streets	22,973
Unassigned	226,019
Total Fund Balance	255,307
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 302,481

The accompanying notes are an integral part of this financial statement.

Town of Parmele, 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	\$	255,307
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		72,302
Other long-term liabilities (accrued interest payable, bonds payable, earned vacation payable) are not due and payable in the current period and, therefore are not reported in the funds.		(6,779)
Earned revenues considered deferred inflows of resources in fund statements.		47,174
Total Net Position-Governmental Funds	\$	<u>368,005</u>

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

	<u>Major Fund</u>
	<u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 57,883
Unrestricted intergovernmental	37,845
Other taxes	8,810
Grants & contributions	90,067
Miscellaneous Income	5,461
Interest and fees	55
Total Revenues	<u>200,121</u>
Expenditures	
General government	117,275
Transportation	26,086
Total Expenditures	<u>143,361</u>
Excess of Revenues Over	
(Under) Expenditures	<u>56,760</u>
Other Financing Sources (Uses)	
Sale of Capital Assets	<u>50,000</u>
Net Other Financing Sources (Uses)	<u>50,000</u>
Net Change in Fund Balance	106,760
<i>Fund Balance at Beginning of Period</i>	<u>148,547</u>
Fund Balance at End of Period	<u>\$ 255,307</u>

The accompanying notes are an integral part of this financial statement.

Town of Parmele, 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 Statement of Activities are different because:

Total Net Change in Fund Balances - Governmental Funds	\$	106,760
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		6,779
<p>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.</p>		
		(6,887)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		6,153
Changes in Net Position-Governmental Funds	\$	<u>112,805</u>

The accompanying notes are an integral part of this financial statement.

Town of Parmele, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Ad valorem taxes	\$ 69,690	\$ 69,690	\$ 57,883	\$ (11,807)
Unrestricted intergovernmental	32,450	32,450	37,845	5,395
Other taxes	9,200	9,200	8,810	(390)
Grants and contribution	--	--	90,067	90,067
Miscellaneous Income	2,040	2,040	5,461	3,421
Interest and fees	--	--	55	55
Total Revenues	113,380	113,380	200,121	86,741
Expenditures				
General government	97,280	117,280	117,275	5
Transportation	16,100	27,100	26,086	1,014
Total Expenditures	113,380	144,380	143,361	1,019
Other Financing Uses				
Appropriations	--	(31,000)	--	(31,000)
Sale of capital assets	--	--	(50,000)	50,000
Total Expenditures and Other Financing Uses	113,380	113,380	93,361	20,019
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	--	--	106,760	106,760
Net Change in Fund Balance	\$ --	\$ --	106,760	\$ 106,760
<i>Fund Balance at Beginning of Period</i>			148,547	
Fund Balance at End of Period			\$ 255,307	

The accompanying notes are an integral part of this financial statement.

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

		<u>Business-type Activities - Enterprise Funds</u>
		<u>Water and Sewer</u>
ASSETS		
<i>Current Assets</i>		
Cash and cash equivalents	\$	87,129
Accounts receivable, net		3,297
Restricted cash and cash equivalents		5,856
Due from other funds		13,361
Total Current Assets		<u>109,643</u>
<i>Noncurrent Assets</i>		
Other capital assets, net of depreciation		2,255,148
Total Assets		<u>2,364,791</u>
DEFERRED OUTFLOWS OF RESOURCES		
Aggregated deferred outflows		--
Total Deferred Outflows of Resources		<u>--</u>
LIABILITIES		
<i>Current Liabilities</i>		
Customer deposits		5,856
Total Current Liabilities		<u>5,856</u>
<i>Noncurrent Liabilities</i>		
Total Liabilities		<u>5,856</u>
DEFERRED INFLOWS OF RESOURCES		
Aggregated deferred inflows		--
Total Deferred Inflows of Resources		<u>--</u>
NET POSITION		
Net investment in capital assets		2,255,148
<i>Unrestricted</i>		103,787
Total Net Position	\$	<u>2,358,935</u>

Town of Parmele, North Carolina
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds
	Water and Sewer
Operating Revenues	
Water and sewer taps	\$ 95,455
Miscellaneous Income	8,851
<i>Total Operating Revenues</i>	104,306
Operating Expenses	
Water and sewer operations	112,742
Depreciation	74,733
<i>Total Operating Expenses</i>	187,475
<i>Operating Income (Loss)</i>	(83,169)
Non-Operating Revenues (Expenses)	
Interest and fees	32
<i>Net Non-Operating Revenues (Expenses)</i>	32
<i>Change In Net Position</i>	(83,137)
<i>Net Position at Beginning of Period</i>	2,442,072
<i>Net Position at End of Period</i>	\$ 2,358,935

**Town of Parmele, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020**

	Enterprise Funds
	Water & Sewer
Cash Flows from Operating Activities:	
Cash received from customers	\$ 110,662
Cash paid for goods and services	(112,742)
<i>Net cash provided (used) by operating activities</i>	<i>(2,080)</i>
 Cash Flows from Investing Activities:	
Investment income received	32
<i>Net increase (decrease) in cash and cash equivalents</i>	<i>(2,048)</i>
Cash and Cash Equivalents - Beginning of Year	107,745
Cash and Cash Equivalents - End of Year	\$ 105,697
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	(83,169)
Depreciation	74,733
Change in assets and liabilities:	
Increase (decrease) in accounts payable and accrued liabilities	6,356
<i>Net cash provided (used) by operating activities</i>	<i>\$ (2,080)</i>

The accompanying notes are an integral part of this financial statement.

Notes To The Financial Statements

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

NOTE I — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Parmele 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 Parmele is a municipal corporation that is governed by an elected mayor and five commissioners. As required by generally accepted accounting principles, these financial statements present the financial information of 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 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 non-major funds.

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

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

The Town reports the following major governmental funds:

Governmental Funds. Governmental funds are those used to account for the Town's expendable financial resources and related liabilities (except those accounted for in proprietary or agency funds).

The following are the Town's governmental fund types:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources are local option sales taxes and various other taxes and licenses. The primary expenditures are for public safety and general government.

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 and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from 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 fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2015, 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, 2015 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 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 Parmele because the tax is levied by Martin County and then remitted to and distributed by the State. 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 by 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 Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. The Town Manager has the authority to amend appropriations within departments. All other amendments must be approved by the governing board.

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

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

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 reported at fair value as determined by quoted market prices. The securities of the NCCMT-Cash Portfolio, a SEC registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening local streets per G.S. 136-41.1 through 136-41.4. Customer deposits are classified as restricted cash because they must be returned to the customer at the conclusion of service.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2015. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that 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.

6. Inventory & Prepaid Items

Inventories are not maintained as they are considered immaterial. Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements and expenses as the items are used.

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. 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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	20-40
Improvements	10-20
Vehicles	4-5
Furniture and equipment	5-10

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2015 fiscal year. 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 two items that meet the criterion for this category—property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 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. The Town does not have any nonspendable fund balances for the governmental fund types.

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 the Town of Parmele'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 otherwise revise the limitation.

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

Assigned Fund Balance — portion of fund balance that the Town of Parmele intends to use for specific purposes.

Subsequent years' expenditures— portion of fund balance that is appropriated in the next years' budget that is not already classified in restricted or committed. The governing body approves 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**
NONE

NOTE III—DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the City 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 City's agents 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 City these deposits are considered to be held by the City's agents in their names. 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 City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal

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

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 City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$355,338 and a bank balance of \$359,703. Of the bank balance, the entire amount was covered by federal depository insurance.

2. Capital Assets

General Fund Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 16,125	\$ -	\$ -	\$ 16,125
Total capital assets not being depreciated	16,125	-	-	16,125
Capital assets being depreciated:				
Buildings	56,458	-	-	56,458
Improvements	2,140	-	-	2,140
Equipment	91,419	-	-	91,419
Vehicles	73,679	-	-	73,679
Infrastructure	42,239	-	-	42,239
Total capital assets being depreciated	265,935	-	-	265,935
Less accumulated depreciation for:				
Buildings and improvements	39,772	1,411	-	41,183
Equipment	91,418	-	-	91,418
Vehicles	55,376	4,067	-	59,443
Infrastructure	16,305	1,408	-	17,713
Total accumulated depreciation	202,871	6,887	-	209,758
Total capital assets being depreciated, net	63,064			56,177
Governmental activity capital assets, net	<u>\$ 79,189</u>			<u>\$ 72,302</u>

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

Governmental Activities:	
General Government	\$ 5,479
Transportation	1,408
Recreation	-
Total	<u>\$ 6,887</u>

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

Water and Sewer Fund Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-Type Activities:				
Plant and distribution system	3,562,489	-	-	3,562,489
Equipment	32,128	-	-	32,128
Vehicles	2,590	-	-	2,590
Total capital assets being depreciated	<u>3,597,207</u>	<u>-</u>	<u>-</u>	<u>3,597,207</u>
Less accumulated depreciation for:				
Plant and distribution system	1,256,731	71,250	-	1,327,981
Equipment	8,005	3,484	-	11,489
Vehicles	2,590	-	-	2,590
Total accumulated depreciation	<u>1,267,326</u>	<u>\$ 74,733</u>	<u>\$ -</u>	<u>1,342,059</u>
Total capital assets being depreciated, net	<u>2,329,881</u>			<u>2,255,148</u>
Business-type activity capital assets, net	<u>\$ 2,329,881</u>			<u>\$ 2,255,148</u>

B. Liabilities

1. Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

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

<u>Source</u>	<u>Amount</u>
<i>Deferred inflows of resources at year-end is comprised of the following:</i>	
Taxes Receivable (General Fund)	47,174
Total	<u>\$ 47,174</u>

2. Fund Balance

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

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

Total Fund Balance-General Fund	\$ 255,307
Less:	
Stabilization by State Statute	6,315
Streets	22,973
Remaining Fund Balance	226,019

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 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 insurance values of the property policy, workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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.

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 Mayor and the Town Manager/Finance Officer are each bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

4. Long-Term Obligations

Governmental Activities

The following is a summary of changes in the Town's Governmental Activities in long-term debt:

Bonds payable at year end are comprised of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Current Maturities</u>
Installment Purchases	\$ 13,557	\$ -	\$ 6,779	\$ 6,778	\$ 6,779
	<u>\$ 13,557</u>	<u>\$ -</u>	<u>\$ 6,779</u>	<u>\$ 6,778</u>	<u>\$ 6,779</u>

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

Annual debt service requirements to maturity for the installment purchase- Governmental activities- are as follows:

The future minimum installment obligations as of June 30, 2020 were as follows:

Year Ended June 30,	Amount
2021	6,779
Total minimum lease payments	\$ 6,779

a. Installment Purchases

Serviced by Governmental Activities:

The Town entered into a installment purchase on 8/09/18 for a F-150 at the cost of \$27,114.22. A down payment of \$6,788.55 was made and the balance of \$20,336 is to be repaid in 3 equal annual installments of \$7,377, including interest of \$599.

\$ 6,779

C. Interfund Balances and Activity

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

Fund Name	From	To
General Fund	\$ 13,361	\$ -
Water & Sewer Fund	-	13,361
Total	\$ 13,361	\$ 13,361

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.

The interfund balance represents funds that are due from the Water & Sewer Fund to the General Fund. This includes various loans made to the Water & Sewer Fund for necessary and needed operating expenditures overtime.

NOTE IV —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

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

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 V —SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 22, 2020 the date the financial statements were available to be issued.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Town of Parmele, 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>
Revenues			
Ad Valorem Taxes			
Taxes		57,883	
Total	69,690	57,883	(11,807)
Unrestricted Intergovernmental Revenues			
Local option sales tax		27,337	
Utility franchise tax		9,158	
Beer & wine tax		1,148	
Solid waste tax		202	
Total	32,450	37,845	5,395
Restricted Intergovernmental Revenues			
Powell Bill allocation		8,810	
Total	9,200	8,810	(390)
Other Revenues			
Grants and contributions		90,067	
Interest income		55	
Miscellaneous		5,461	
Total	2,040	95,583	93,543
Total Revenue	\$ 113,380	\$ 200,121	\$ 86,741

**Town of Parmele, 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>
Expenditures			
General Government			
Salaries and benefits		60,001	
Tax collection fee		182	
Professional services		16,109	
Dues & subscriptions		1,961	
Insurance & bonds		3,116	
Capital Outlay		1,962	
Supplies		9,986	
Utilities		3,505	
Repairs & maintenance		980	
Propane		3,665	
Other operating expenses		15,808	
Total General Government	<u>117,280</u>	<u>117,275</u>	<u>5</u>
Transportation			
Utilities		11,864	
Repairs		13,388	
Other operating expenses		834	
Total Transportation	<u>27,100</u>	<u>26,086</u>	<u>1,014</u>
Total Expenditures	<u>144,380</u>	<u>143,361</u>	<u>1,019</u>

**Schedule 1
Continued**

**Town of Parmele, 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>
Revenue over (under) expenditures	(31,000)	56,760	87,760
Other Financing Sources (Uses)			
Appropriations	(31,000)		(31,000)
Proceeds from sale of assets		(50,000)	50,000
Total	<u>(31,000)</u>	<u>(50,000)</u>	<u>19,000</u>
Net change in fund balance	<u>\$ -</u>	106,760	<u>\$ 106,760</u>
Fund balance - July 1		<u>148,547</u>	
Fund balance - June 30		<u>\$ 255,307</u>	

Schedule 2

**Town of Parmele, 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)
Revenues:			
Water & sewer sales		95,455	
Interest revenue		32	
Other operating revenues		8,851	
Total operating revenues	\$ 128,496	\$ 104,338	\$ (24,158)
Expenditures:			
Water and sewer operations			
Utilities		9,003	
Supplies		1,810	
Water purchased		65,940	
Testing		350	
Repairs and maintenance		9,087	
Other operating expenditures		26,552	
Total expenditures	\$ 128,496	112,742	\$ 15,754
Revenues over (under) expenditures	\$ -	(8,404)	\$ 15,754
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		74,733	
Total reconciling items		\$ 74,733	
Changes in Net Position, GAAP basis		(83,137)	

OTHER SCHEDULES

Schedule 3

**Town of Parmele, 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	\$ -	\$ 68,579	\$ 54,018	\$ 14,561
2018-2019	14,255	-	4,000	10,255
2017-2018	9,372	-	2,536	6,836
2016-2017	6,467	-	1,406	5,061
2015-2016	2,878	-	146	2,732
2014-2015	2,167	-	0	2,167
2013-2014	1,968	-	(0)	1,968
2012-2013	1,516	-	0	1,516
2011-2012	1,391	-	(0)	1,391
2010-2011	688	-	(0)	688
	<u>40,702</u>	<u>68,579</u>	<u>62,107</u>	<u>47,174</u>

Reconciliation with Revenues:

Ad Valorem Tax - General Fund	\$ 57,883
Reconciling items:	
Interest collected	(1,645)
Releases and adjustments	5,869
Total Collections and Credits	<u>\$ 62,107</u>

Town of Parmele, 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
Original Levy:					
Property tax at current year's tax rate	<u>\$10,085,145</u>	<u>0.68</u>	<u>\$ 68,579</u>	<u>\$ 56,876</u>	<u>\$ 11,703</u>
Net Valuation	<u>\$10,085,145</u>				
Net levy			68,579	56,876	11,703
Less uncollected taxes at June 30, 2019			<u>14,561</u>	<u>14,561</u>	<u>-</u>
Current year's taxes collected			<u>\$ 54,018</u>	<u>\$ 42,315</u>	<u>\$ 11,703</u>
Current levy collection percentage			<u>78.77%</u>	<u>74.40%</u>	<u>100.00%</u>