

TOWN OF EVERETTS, NORTH CAROLINA

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2021

GREGORY T. REDMAN, CPA
TARBORO, NORTH CAROLINA

Financial Statements
Town of Everetts, North Carolina
June 30, 2021

Board of Commissioners

Ray Deans, Mayor
Becky Williams
Will Prettyman
Ben Jones

Administrative Staff

Nancy Hardison, Town Clerk

Town of Everetts, North Carolina
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June 30, 2021

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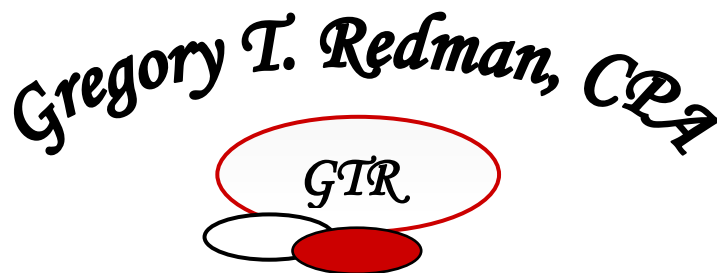
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Financial Section



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Independent Auditor's Report

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, business-type activities and each major fund of the Town of Everetts, as of and for the year ended June 30, 2021, 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, based on my audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of the Town of Everetts as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Town of Everetts, North Carolina. The combining and individual fund statements, budgetary 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 to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by me. In my opinion, based on my audit, the procedures performed as described above, 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 information has not been subjected to the auditing procedures applied in the audit of basic financial statements and accordingly, I do not express an opinion or provide assurance on them.

A handwritten signature in black ink that reads "Gregory T. Redman, CPA". The signature is written in a cursive, flowing style.

Gregory T. Redman, CPA
Tarboro, North Carolina
August 29, 2022

Management's Discussion and Analysis

**Town of Everetts, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

As management of the Town of Everetts, North Carolina, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Everetts for the fiscal year ended June 30, 2021. 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.

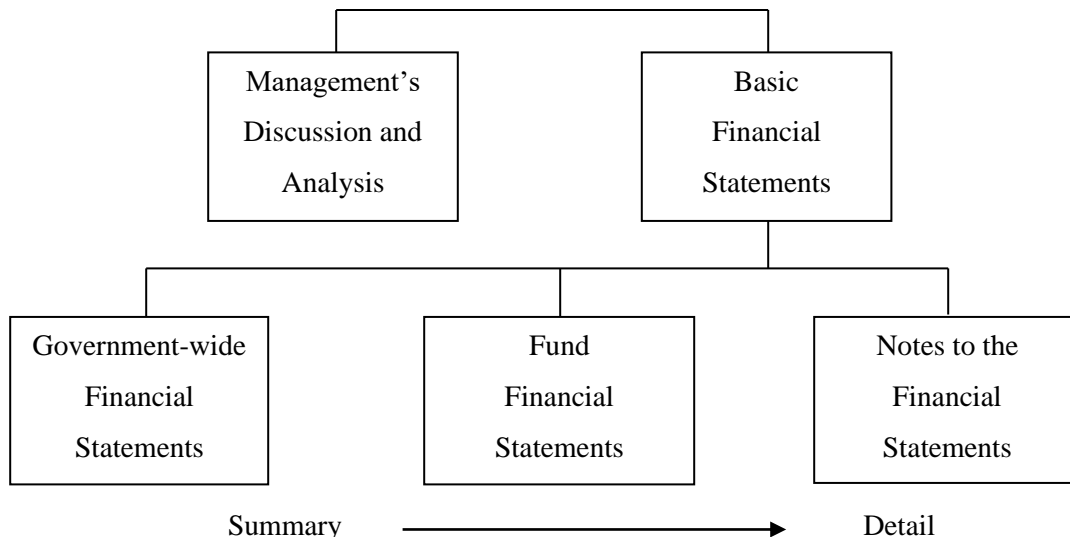
Financial Highlights

- The assets and deferred outflows of resources of the Town of Everetts exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,814,053 (net position).
- The government's total net position decreased by \$72,688 primarily due to depreciation expense of \$55,289 in the business-type activities.
- At the close of the current fiscal year, the Town of Everetts's governmental funds reported an ending fund balance of \$41,043, a decrease of \$10,253 in comparison with the prior year. Approximately 40 percent of this total amount, or \$16,636 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$24,407 or 42 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report



**Town of Everetts, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Basic Financial Statements

The first two statements 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 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 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 service such as public safety, parks 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 Everetts.

Fund Financial Statements

The fund financial statements 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 Everetts, like all other government 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 Town of Everetts can be divided into two categories: governmental funds and proprietary funds.

Town of Everetts, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Governmental Fund. *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 Everetts 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's, 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds. Town of Everetts has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Everetts uses an enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

**Town of Everetts, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Government-wide Financial Analysis

Town of Everetts' Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 49,057	\$ 57,207	\$ 29,020	\$ 30,710	\$ 78,077	\$ 87,917
Capital assets	47,362	50,580	1,710,150	1,765,439	1,757,512	1,816,019
Deferred outflows of resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	96,419	107,787	1,739,170	1,796,149	\$ 1,835,589	\$ 1,903,936
Long-term liabilities outstanding	-	-	-	-	\$ -	\$ -
Other liabilities	1,774	2,648	19,762	15,547	21,536	18,195
Deferred inflows of resources	-	-	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	1,774	2,648	19,762	15,547	21,536	18,195
Net Position:						
Net investment in capital assets	47,362	50,580	1,710,150	1,765,439	\$ 1,757,512	\$ 1,816,019
Restricted	10,886	5,363	-	-	10,886	5,363
Unrestricted	36,397	49,196	9,258	16,163	45,655	65,359
Total Net Position	\$ 94,645	\$ 105,139	\$ 1,719,408	\$ 1,781,602	\$ 1,814,053	\$ 1,886,741

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Everetts exceeded liabilities and deferred inflows of resources by \$1,814,053 as of June 30, 2021. The Town's net position decreased by \$72,688 for the fiscal year ended June 30, 2021. However, the largest portion (96%) reflects the Town's net investment in capital assets (e.g. land, buildings, water system, sewer system, machinery, and equipment). The Town of Everetts uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Everetts' 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. An additional portion of the Town of Everetts' net position, \$10,886, represents resources that are subject to external restrictions in how they may be used. The remaining balance of the Town of Everetts' net position, \$45,655, is unrestricted.

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

- The Governmental Activities revenues exceeded expenses prior to a transfer to the Water and Sewer Fund. The Town anticipates the Governmental Activities will continue to improve.

**Town of Everetts, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Town of Everetts' Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 140,543	\$ 153,503	\$ 140,543	\$ 153,503
Operating grants and contributions	4,929	5,306	-	50,000	4,929	55,306
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	32,274	28,868	-	-	32,274	28,868
Other taxes	-	21,424	-	-	-	21,424
Grants and contributions not restricted	21,358	-	-	-	21,358	-
Other	3,340	392	250	23	3,590	415
Total Revenues	<u>\$ 61,901</u>	<u>\$ 55,990</u>	<u>\$ 140,793</u>	<u>\$ 203,526</u>	<u>\$ 202,694</u>	<u>\$ 259,516</u>
Expenses:						
General government	\$ 24,641	\$ 35,853	\$ -	\$ -	\$ 24,641	\$ 35,853
Transportation	25,361	18,805	-	-	25,361	18,805
Public safety	1,970	2,200	-	-	1,970	2,200
Environmental protection	9,173	8,370	-	-	9,173	8,370
Water and sewer	-	-	214,237	268,904	214,237	268,904
Total Expenses	<u>\$ 61,145</u>	<u>\$ 65,228</u>	<u>\$ 214,237</u>	<u>\$ 268,904</u>	<u>\$ 275,382</u>	<u>\$ 334,132</u>
Increase(decrease) in net position before transfers	756	(9,238)	(73,444)	(65,378)	(72,688)	(74,616)
Transfers	(11,250)	(36,000)	11,250	36,000	-	-
Increase(decrease) in net position	(10,494)	(45,238)	(62,194)	(29,378)	(72,688)	(74,616)
Net position, July 1	<u>105,139</u>	<u>150,377</u>	<u>1,781,602</u>	<u>1,810,980</u>	<u>1,886,741</u>	<u>1,961,357</u>
Net position, June 30	<u>\$ 94,645</u>	<u>\$ 105,139</u>	<u>\$ 1,719,408</u>	<u>\$ 1,781,602</u>	<u>\$ 1,814,053</u>	<u>\$ 1,886,741</u>

Governmental Activities. Governmental activities decreased the Town's net position by \$10,494 compared to a decrease in the prior year of \$45,238. The decrease is due to a transfer to the Water and Sewer Fund of \$11,250. Overall, revenues increased and expenses decreased.

Business-type Activities. Business-type activities decreased the Town of Everetts' net position by \$62,194. The main reasons for this decrease are depreciation expense of \$55,289 and revenues that do not cover the fund's expenses on an annual basis.

**Town of Everetts, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Everetts' 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 Everetts' financing requirements.

The general fund is the chief operating fund of the Town of Everetts. At the end of the current fiscal year, Town of Everetts' fund balance available in the General Fund was \$24,407, while total fund balance was \$41,043. The Town currently has an available fund balance of 42% of general fund expenditures, and total fund balance represents 71% of the same amount.

At June 30, 2021, the governmental fund of Town of Everetts reported a fund balance of \$41,043 with a net decrease in fund balance of \$10,253.

General Fund Budgetary Highlights: During the fiscal year, the Town did not revise the budget. 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 became necessary to maintain/increase services.

Proprietary Funds: The Town of Everetts' proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water & Sewer Fund at the end of the fiscal year amounted to \$9,258. The total decrease in overall Water & Sewer Fund net position was \$62,194. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital Assets: The Town of Everetts' investments in capital assets for its governmental and business-type activities as of June 30, 2021 total \$1,757,512 (net of accumulated depreciation).

These assets include buildings, water systems, sewer systems, land, machinery, equipment, and vehicles.

**Town of Everetts, North Carolina
Management's Discussion and Analysis
For the Year Ended June 30, 2021**

**Town of Everetts' Capital Assets
(Net of Depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,685	\$ 3,685	\$ 3,000	\$ 3,000	\$ 6,685	\$ 6,685
Buildings and systems	6,383	6,926	1,707,150	1,762,439	1,713,533	1,769,365
Improvements other than buildings	37,209	39,884	-	-	37,209	39,884
Machinery and equipment	85	85	-	-	85	85
Vehicles	-	-	-	-	-	-
Total	<u>\$ 47,362</u>	<u>\$ 50,580</u>	<u>\$ 1,710,150</u>	<u>\$ 1,765,439</u>	<u>\$ 1,757,512</u>	<u>\$ 1,816,019</u>

Additional information on the Town's capital assets can be found in Note III(A)(4) of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

- The Town has been awarded a grant to assist with improving the water and sewer system
- The Town is more focused on the budget and cutting costs.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The Governmental Fund budget for the 21-22 fiscal year remained basically the same.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town of Everetts, Nancy Hardison, Town Clerk, Post Office Box 129, Everetts, NC 27825 or by calling the Town Hall (252) 792-3394.

Financial Section

Basic Financial Statements

Town of Everetts, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 31,931	\$ -	\$ 31,931
Taxes receivables (net)	5,393	-	5,393
Accrued interest receivable on taxes	847	-	847
Accounts receivable (net)	-	19,139	19,139
Due from other governments	4,695		4,695
Internal balances	-	-	-
Prepaid items	2,940	-	2,940
Restricted cash and cash equivalents	3,251	9,881	13,132
Total Current Assets	<u>\$ 49,057</u>	<u>\$ 29,020</u>	<u>\$ 78,077</u>
Non-current Assets			
Capital assets:			
Land, non-depreciable improvements and construction in progress	\$ 3,685	\$ 3,000	\$ 6,685
Other capital assets, net of depreciation	43,677	1,707,150	1,750,827
Total capital assets	<u>\$ 47,362</u>	<u>\$ 1,710,150</u>	<u>\$ 1,757,512</u>
Total Assets	<u>\$ 96,419</u>	<u>\$ 1,739,170</u>	<u>\$ 1,835,589</u>
Deferred Outflows of Resources			
Pension deferrals	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 1,774	\$ 9,881	\$ 11,655
Current portion of long-term liabilities	-	-	-
Payable from restricted assets	-	9,881	9,881
Total Current Liabilities	<u>\$ 1,774</u>	<u>\$ 19,762</u>	<u>\$ 21,536</u>
Deferred Inflows of Resources			
Prepaid taxes	\$ -	\$ -	\$ -
Pension deferrals	-	-	-
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Position			
Net investment in capital assets	\$ 47,362	\$ 1,710,150	\$ 1,757,512
Restricted for:			
Transportation	3,251	-	3,251
Stabilization by State Statute	4,695	-	4,695
Unrestricted	39,337	9,258	48,595
Total Net Position	<u>\$ 94,645</u>	<u>\$ 1,719,408</u>	<u>\$ 1,814,053</u>

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

Town of Everetts,, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities:							
General government	\$ 24,641	\$ -	\$ -	\$ -	\$ (24,641)	\$ -	\$ (24,641)
Public safety	1,970	-	-	-	(1,970)	-	(1,970)
Transportation	25,361	-	4,929	-	(20,432)	-	(20,432)
Environmental protection	9,173	-	-	-	(9,173)	-	(9,173)
Interest on long-term debt	-	-	-	-	-	-	-
Total Governmental Activities	<u>\$ 61,145</u>	<u>\$ -</u>	<u>\$ 4,929</u>	<u>\$ -</u>	<u>\$ (56,216)</u>	<u>\$ -</u>	<u>\$ (56,216)</u>
Business-type activities:							
Water and Sewer	214,237	140,543	-	-	-	(73,694)	(73,694)
Total business-type activities	<u>\$ 214,237</u>	<u>\$ 140,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (73,694)</u>	<u>\$ (73,694)</u>
Total Primary Government	<u><u>\$ 275,382</u></u>	<u><u>\$ 140,543</u></u>	<u><u>\$ 4,929</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (56,216)</u></u>	<u><u>\$ (73,694)</u></u>	<u><u>\$ (129,910)</u></u>
General Revenues							
Taxes:							
Property taxes, levied for general purpose					\$ 32,274	\$ -	\$ 32,274
Other taxes					-	-	-
Grants and contributions not restricted to specific programs					21,358	-	-
Unrestricted investment earnings					23	250	273
Miscellaneous					3,317	-	3,317
Total General Revenues, not including transfers					<u>\$ 56,972</u>	<u>\$ 250</u>	<u>\$ 35,864</u>
Transfers					(11,250)	11,250	-
Change in Net Position					<u>\$ (10,494)</u>	<u>\$ (62,194)</u>	<u>\$ (72,688)</u>
Net Position, beginning of year					105,139	1,781,602	1,886,741
Net Position, end of year					<u><u>\$ 94,645</u></u>	<u><u>\$ 1,719,408</u></u>	<u><u>\$ 1,814,053</u></u>

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

Town of Everetts, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	Major Fund
	General
Assets	
Cash and cash equivalents	\$ 31,931
Restricted cash	3,251
Prepaid insurance	2,940
Receivables, net:	
Taxes	5,393
Due from other governments	4,695
Due from other funds	-
Total Assets	<u>\$ 48,210</u>
Liabilities	
Liabilities:	
Accounts payable and accrued liabilities	\$ 1,774
Due to other funds	-
Total Liabilities	<u>\$ 1,774</u>
Deferred Inflows of Resources	
Property taxes receivable	<u>\$ 5,393</u>
Fund Balances	
Non-spendable:	
Prepaid expenses	\$ 2,940
Restricted:	
Stabilization by State Statute	4,695
Streets	3,251
Assigned:	
Subsequent years' expenditures	5,750
Unassigned:	24,407
Total fund balance	<u>\$ 41,043</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 48,210</u>

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

Town of Everetts, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

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

Ending Fund Balance - Governmental Funds	\$ 41,043
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	47,362
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds	847
Deferred inflows of resources related to pension are not report in the funds	-
Liabilities for earned revenues considered deferred infows of resources in fund statements	<u>5,393</u>
Net Position of Governmental Activities	<u><u>\$ 94,645</u></u>

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

Town of Everetts, North Carolina
Statement of Revenues, Expenditures And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>Major Fund General</u>
Revenues	
Ad valorem taxes	\$ 29,297
Other taxes and licenses	-
Unrestricted intergovernmental	21,358
Restricted intergovernmental	4,929
Sales and services	-
Investment earnings	23
Miscellaneous	3,317
Total Revenues	<u>\$ 58,924</u>
Expenditures	
Current:	
General government	\$ 23,801
Transportation	22,983
Public safety	1,970
Environmental protection	9,173
Total Expenditures	<u>\$ 57,927</u>
Excess of Revenues Over (Under) Expenditures	\$ 997
Other Financing Sources (Uses)	
Transfers to other funds	<u>(11,250)</u>
Net Change in Fund Balance	\$ (10,253)
Fund Balances	
Beginning of year	51,296
End of year	<u><u>\$ 41,043</u></u>

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

Town of Everetts, North Carolina
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement Activities
For the Year Ended June 30, 2021

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

Net Change in Fund Balance - Total Governmental Funds		\$ (10,253)
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 outlay exceeded depreciation in the current period		
Capital outlay expenditures which were capitalized	\$ -	
Depreciation expense for governmental assets	<u>(3,218)</u>	(3,218)
Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities		-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		
Amount of donated assets	-	
Change in unavailable revenue for tax revenues	<u>2,977</u>	2,977
Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Pension expense		<u>-</u>
Total Changes in Net Position of Governmental Activities		<u><u>\$ (10,494)</u></u>

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

Town of Everetts, North Carolina
General Fund
Statement of Revenues, Expenditures, And
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Ad valorem taxes	\$ 31,750	\$ 31,750	\$ 29,297	\$ (2,453)
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	21,250	21,250	21,358	108
Restricted intergovernmental	8,000	8,000	4,929	(3,071)
Sales and services	-	-	-	-
Investment earnings	350	350	23	(327)
Miscellaneous	1,000	1,000	3,317	2,317
Total Revenues	<u>\$ 62,350</u>	<u>\$ 62,350</u>	<u>\$ 58,924</u>	<u>\$ (3,426)</u>
Expenditures				
Current				
General government	\$ 39,450	\$ 39,450	\$ 23,801	\$ 15,649
Public safety	4,000	4,000	1,970	2,030
Transportation	34,650	34,650	22,983	11,667
Environmental protection	9,250	9,250	9,173	77
Total Expenditures	<u>\$ 87,350</u>	<u>\$ 87,350</u>	<u>\$ 57,927</u>	<u>\$ 29,423</u>
Revenues Over (Under) Expenditures	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>	<u>\$ 997</u>	<u>\$ 25,997</u>
Other Financing Sources (Uses)				
Transfer to water and sewer fund	\$ -	\$ -	\$ (11,250)	\$ (11,250)
Fund balance appropriation	25,000	25,000	-	(25,000)
Total Other Financing Sources (Uses)	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ (11,250)</u>	<u>\$ (36,250)</u>
Revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>(10,253)</u>	<u>(10,253)</u>
Fund Balances				
Beginning of year			51,296	
End of year			<u>\$ 41,043</u>	

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

Town of Everetts, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2021

	Major Fund
	Water and Sewer Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ -
Accounts receivable (net)	15,342
Other receivables	3,797
Due from other funds	-
Prepaid items	-
Restricted cash and cash equivalents	9,881
Total Current Assets	<u>\$ 29,020</u>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	3,000
Other capital assets, net of depreciation	1,707,150
Capital assets (net)	<u>\$ 1,710,150</u>
Total Noncurrent Assets	<u>\$ 1,710,150</u>
Total Assets	<u><u>\$ 1,739,170</u></u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 9,881
Due to other funds	-
Liabilities payable from restricted assets:	
Customer deposits	9,881
Total Current Liabilities	<u>\$ 19,762</u>
Net Position	
Net investment in capital assets	\$ 1,710,150
Unrestricted	9,258
Total Net Position	<u><u>\$ 1,719,408</u></u>

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

Town of Everetts, North Carolina
Statement of Revenues, Expenses, And Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

	Major Fund
	Water and Sewer Fund
Operating Revenues	
Charges for services	\$ 139,094
Water and sewer taps	-
Other operating revenues	1,449
Total Operating Revenues	<u>\$ 140,543</u>
Operating Expenses	
Water expenses	\$ 44,930
Sewer expenses	114,018
Depreciation	55,289
Total Operating Expenses	<u>\$ 214,237</u>
Operating income (loss)	<u>\$ (73,694)</u>
Non-operating Revenues (Expenses)	
Investment earnings	\$ 250
Fema proceeds	-
Total Non-operating Revenues (expenses)	<u>\$ 250</u>
Income (loss) Before Contributions and Transfers	\$ (73,444)
Transfers-in	<u>11,250</u>
Change in Net Position	\$ (62,194)
Net Position, beginning	<u>1,781,602</u>
Net Position, ending	<u><u>\$ 1,719,408</u></u>

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

Town of Everetts, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	Major Fund
	Water and Sewer Fund
Cash Flows From Operating Activities	
Cash received from customers	\$ 147,215
Cash paid for goods and services	(157,530)
Cash paid to or on behalf of employees for services	-
Net Cash Provided (used) by Operating Activities	<u>\$ (10,315)</u>
Cash Flows From Noncapital Financing Activities	
(Increase) decrease in advances to other funds	\$ -
Transfers from other funds	11,250
Net Cash Provided by Noncapital Financing Activities	<u>\$ 11,250</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	\$ -
Principal paid on loans payable	-
Net Cash Provided (used) by Capital and Related Financing Activities	<u>\$ -</u>
Cash Flows From Investing Activities	
Interest and dividends	<u>\$ 250</u>
Net Increase (decrease) in Cash and Cash Equivalents	\$ 1,185
Balances - Beginning of year	<u>8,696</u>
Balances - End of year	<u><u>\$ 9,881</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	<u>\$ (73,694)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	\$ 55,289
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	6,672
(Increase) decrease in other receivables	(3,797)
(Increase) decrease in prepaid items	-
Increase (decrease) in unavailable revenue	-
Increase (decrease) in accounts payable and accrued liabilities	4,030
Increase in customer deposits	1,185
Total adjustments	<u>\$ 63,379</u>
Net Cash Provided by Operating Activities	<u><u>\$ (10,315)</u></u>

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

I. Summary of Significant Accounting Policies

The accounting policies of Town of Everetts conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Everetts is a municipal corporation 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 of Everetts, North Carolina.

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.

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

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and State-shared revenues. The primary expenditures are for public safety, street maintenance sanitation, and general government services.

The Town reports the following major enterprise funds:

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

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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 funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special

tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise 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 object level for the multi-year funds. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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. 15-31]. The Town may designate, as an official depository, and 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). As of June 30, 2021 the Town did not have any of these investments.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied, are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, reporting, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Town of Everetts' Restricted Cash

Governmental Activities	
General Fund	
Streets	\$ 3,251
Total Government Activities	<u>\$ 3,251</u>
Business-type Activities	
Water and Sewer Fund	
Customer deposits	\$ 9,881
Total Business-type Activities	<u>\$ 9,881</u>
Total Restricted Cash	<u>\$ 13,132</u>

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, 2020.

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. 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, \$5,000; furniture, computer software, and equipment, \$500; and vehicles, \$2,500. 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:

Asset Class	Estimated Useful Lives
Infrastructure	30
Buildings	50-100
Improvements	40
Vehicles	6-20
Furniture and equipment	10-40
Computer software	3-5
Computer equipment	3-5

7. 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 no items that meet this criterion.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of 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 one item that meets the criterion for this category – property taxes receivables.

8. 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. The Town does not have any long-term obligations as of June 30, 2021.

9. 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.

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 the law through constitutional provisions or enabling legislation". RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

II. Stewardship, Compliance, and Accountability

A. Material Violations of Finance-related Legal and Contractual Provisions

Noncompliance with North Carolina General Statutes

Annual Audit

In accordance with G.S. 159-34, each unit of local government shall have its accounts audited as soon as possible after the close of each fiscal year. The audit for the year ended June 30, 2021 was not completed until August 29, 2022. The Town's former auditor did not inform them that he would no longer perform the Town audit until after the original due date. The Town finally obtained an auditor in May 2022. The Town anticipates more timely audits in the future.

B. Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2021, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for the following functions: Transfers by \$11,250. The Town makes regular transfers from the General Fund to the Water and Sewer Fund. However, these transfers were not budgeted. Management and the Board will more closely review the budget reports to ensure compliance in future years.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in 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 the Town'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 Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows.

However, 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 designing official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$45,063 and a bank balance of \$39,470. Of the bank balance, all of it was covered by federal depository insurance.

2. Investments

At June 30, 2021, the Town held no investments.

3. Receivables – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

Business-type Activities:	
Customer accounts receivable	<u>\$ 2,000</u>

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2021, 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	\$ 3,685	\$ -	\$ -	\$ 3,685
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>\$ 3,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,685</u>
Capital assets being depreciated:				
Buildings	\$ 19,245	\$ -	\$ -	\$ 19,245
Other improvements	78,827	-	-	78,827
Vehicles	14,780	-	-	14,780
Equipment	5,465	-	-	5,465
Total capital assets being depreciated	<u>\$ 118,317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,317</u>
Less accumulated depreciation for:				
Buildings	\$ 12,319	\$ 543	\$ -	\$ 12,862
Other improvements	38,943	2,675	-	41,618
Vehicles	14,780	-	-	14,780
Equipment	5,380	-	-	5,380
Total accumulated depreciation	<u>\$ 71,422</u>	<u>\$ 3,218</u>	<u>\$ -</u>	<u>\$ 74,640</u>
Total capital assets being depreciated, net	<u>\$ 46,895</u>			<u>\$ 43,677</u>
Governmental activity capital assets, net	<u>\$ 50,580</u>			<u>\$ 47,362</u>

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

General government	\$ 840
Transportation	2,378
Environmental protection	-
Total Depreciation Expense	<u>\$ 3,218</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>
Capital assets being depreciated:				
Plant and distributions systems	\$2,913,202	\$ -	\$ -	\$2,913,202
Furniture and maintenance equipment	-	-	-	-
Buildings	-	-	-	-
Total capital assets being depreciated	<u>\$2,913,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,913,202</u>
Less accumulated depreciation for:				
Plant and distributions systems	\$1,150,763	\$ 55,289	\$ -	\$1,206,052
Furniture and maintenance equipment	-	-	-	-
Buildings	-	-	-	-
Total accumulated depreciation	<u>\$1,150,763</u>	<u>\$ 55,289</u>	<u>\$ -</u>	<u>\$1,206,052</u>
Total capital assets being depreciated, net	<u>\$1,762,439</u>			<u>\$1,707,150</u>
Business-type activities capital assets, net	<u><u>\$1,765,439</u></u>			<u><u>\$1,710,150</u></u>

B. Liabilities

1. Pension Plan Obligations

The Town of Everetts does not participate in any retirement system that covers the Town employees.

2. Deferred Inflows

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivables, less penalties (General Fund)	\$ -	\$ 5,393
Prepaid taxes	-	-
	<u>\$ -</u>	<u>\$ 5,393</u>

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and

property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, 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 Town 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 and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town has automatic flood coverage through their property insurance with the League of Municipalities. The property is insured up to \$5,000,000 with a per occurrence deductible of \$50,000.

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 Town has crime coverage for employee dishonesty and forgery alteration, as well as coverage for theft of money or securities inside or outside of the premises. The finance officer is bonded for \$50,000.

4. Claims, Judgements, and Contingent Liabilities

No claims or judgements existed at June 30, 2021.

5. Interfund Balances and Activities

Transfers from/to other funds for the year ended June 30, 2021 consist of the following:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Water and Sewer Fund	General Fund	\$ 11,250

The transfer from the General Fund to the Water and Sewer Fund was to assist with the cash flow in the Water and Sewer Fund. Currently, the Water and Sewer Fund's revenues do not fully cover the expenses. The Town is working with the Local Government Commission to determine ways to increase the efficiency of the Water and Sewer Fund.

6. Fund Balance

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

Total fund balance - General Fund	\$ 41,043
Less:	
Stabilization by State Statute	4,695
Streets-Powell Bill	3,251
Subsequent years' expenditures	5,750
Non-spendable-prepays	2,940
Remaining Fund Balance	24,407

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 moneys 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 moneys.

V. Subsequent Events

As of August 29, 2022, the date of the completion of the financial statements, there were no material subsequent events that were required to be reported.

Individual Fund Statements and Schedules

Town of Everetts, North Carolina
General Fund
Schedule of Revenues, Expenditures, And
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Current year		\$ 27,823	
Prior years		1,316	
Penalties and interest		158	
Total	\$ 31,750	\$ 29,297	\$ (2,453)
Other taxes and licenses:			
Vehicle tags	\$ -	\$ -	
Total	\$ -	\$ -	\$ -
Unrestricted intergovernmental:			
Local option sales taxes	\$ 15,000	\$ 12,934	
Franchise tax	6,000	7,785	
Sales tax refund	-	-	
Beer and wine tax	250	639	
Total	\$ 21,250	\$ 21,358	\$ 108
Restricted intergovernmental:			
Powell Bill allocation	\$ 8,000	\$ 4,929	\$ (3,071)
Total	\$ 8,000	\$ 4,929	\$ (3,071)
Sales and services:			
Recreation fees	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -
Investment earnings:			
General		\$ 23	
Powell Fund		-	
Total	\$ 350	\$ 23	\$ (327)
Miscellaneous:			
Miscellaneous revenue		\$ 3,317	
Park grant		-	
Total	\$ 1,000	\$ 3,317	\$ 2,317
Total Revenues	\$ 62,350	\$ 58,924	\$ (3,426)

Town of Everetts, North Carolina
General Fund
Schedule of Revenues, Expenditures, And
Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures			
General Government:			
Governing Board		\$ 1,800	
Professional services		4,650	
Total	<u>\$ 8,000</u>	<u>\$ 6,450</u>	<u>\$ 1,550</u>
Administration:			
Salaries and employee benefits		\$ 5,859	
Other operating expenditures		11,492	
Capital outlay		-	
Total	<u>\$ 31,450</u>	<u>\$ 17,351</u>	<u>\$ 14,099</u>
Total General Government	<u>\$ 39,450</u>	<u>\$ 23,801</u>	<u>\$ 15,649</u>
Public Safety:			
Other operating expenditures		\$ 1,970	
Capital outlay		-	
Total Public Safety	<u>\$ 4,000</u>	<u>\$ 1,970</u>	<u>\$ 2,030</u>
Transportation:			
Streets and Highways:			
Salaries and employee benefits		\$ -	
Street lights		7,260	
Other operating expenditures		15,723	
Capital outlay		-	
Total Transportation	<u>\$ 34,650</u>	<u>\$ 22,983</u>	<u>\$ 11,667</u>
Environmental Protection:			
Salaries and employee benefits		\$ 6,324	
Other operating expenditures		2,849	
Total Environmental Protection	<u>\$ 9,250</u>	<u>\$ 9,173</u>	<u>\$ 77</u>
Total Expenditures	<u>\$ 87,350</u>	<u>\$ 57,927</u>	<u>\$ 29,423</u>
Revenues Over (Under) Expenditures	<u>\$ (25,000)</u>	<u>\$ 997</u>	<u>\$ 25,997</u>
Other Financing Sources (uses):			
Transfer to water and sewer fund	\$ -	\$ (11,250)	\$ (11,250)
Fund balance appropriation	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>
Total	<u>\$ 25,000</u>	<u>\$ (11,250)</u>	<u>\$ (36,250)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ (10,253)</u>	<u>\$ (10,253)</u>
Fund Balances			
Beginning of year		<u>51,296</u>	
End of year		<u>\$ 41,043</u>	

Town of Everetts, North Carolina
Water and Sewer Enterprise Fund
Schedule of Revenues And Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues:			
Charges for services	\$ 198,000	\$ 139,094	\$ (58,906)
Water and sewer taps	-	-	-
Other operating revenues	-	1,449	1,449
Total Operating Revenues	<u>\$ 198,000</u>	<u>\$ 140,543</u>	<u>\$ (57,457)</u>
Nonoperating Revenues:			
Sales tax refund	\$ -	\$ -	\$ -
FEMA proceeds	-	-	-
Interest earnings	2,000	250	(1,750)
Total Operating Revenues	<u>\$ 2,000</u>	<u>\$ 250</u>	<u>\$ (1,750)</u>
Total Revenues	<u>\$ 200,000</u>	<u>\$ 140,793</u>	<u>\$ (59,207)</u>
Expenditures			
Operating Expenditures:			
Water purchases		\$ 42,694	
Sewage processing fees		98,393	
Fees		1,247	
Telephone and postage		6,433	
Supplies and materials		375	
Miscellaneous expense		614	
Repairs and maintenance		1,771	
Utilities		7,421	
Contract services		-	
Total	<u>\$ 200,000</u>	<u>\$ 158,948</u>	<u>\$ 41,052</u>
Capital Outlay:			
Water and sewer equipment	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 200,000</u>	<u>\$ 158,948</u>	<u>\$ 41,052</u>

Town of Everetts, North Carolina
Water and Sewer Enterprise Fund
Schedule of Revenues And Expenditures
Budget and Actual (Non - GAAP)
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources (Uses)			
Appropriated retained earnings	\$ -	\$ -	\$ -
Transfers in	-	11,250	11,250
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 11,250</u>	<u>\$ 11,250</u>
Revenues and Other Sources Over (Under)			
Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (6,905)</u>	<u>\$ (6,905)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		\$ -	
Capital outlay		-	
Change in net pension liability and pension deferrals		-	
Depreciation		(55,289)	
Total Reconciling Items		<u>\$ (55,289)</u>	
Change in Net Position		<u>\$ (62,194)</u>	

Town of Everetts, North Carolina
Water and Sewer Project
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
From Inception and For the Year Ended June 30, 2021

		Actual			
	Project Authorization	Prior Year	Current Year	Total To Date	Variance - Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
Merger-Regionalization Feasibility	\$ 605,000	\$ 50,000	\$ -	\$ 50,000	\$ (555,000)
Total Revenues	<u>\$ 605,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ (555,000)</u>
Expenditures:					
Engineering	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ -
Water and sewer	555,000	-	-	-	555,000
Total Expenditures	<u>\$ 605,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 555,000</u>
Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Financing Sources (Uses):					
Local contribution - Sewer	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (Deficit) of Revenues Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Other Schedules

This section contains additional information on property taxes.

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

Town of Everetts, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
For the Year Ended June 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 30,096	\$ 27,823	\$ 2,273
2019-2020	1,842	-	287	1,555
2018-2019	1,205	-	220	985
2017-2018	986	-	559	427
2016-2017	105	-	89	16
2015-2016	9	-	3	6
2014-2015	2	-	-	2
2013-2014	51	-	-	51
2012-2013	7	-	-	7
2011-2012	71	-	-	71
2010-2011	6	-	6	-
Total	\$ 4,284	\$ 30,096	\$ 28,987	\$ 5,393

Reconciliation with revenues:

Ad valorem taxes - General Fund	\$ 29,139
Taxes written off	6
Subtotal	29,145
Less interest and penalties collected	(158)
Total collections and credits	<u>\$ 28,987</u>

Town of Everetts, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2021

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 7,524,000	0.40	\$ 30,096	\$ 25,272	\$ 4,824
Discoveries:					
Current year taxes	-	0.40	-	-	-
Abatements	-	0.40	-	-	-
Total Property Valuation	<u>\$ 7,524,000</u>				
Net levy			\$ 30,096	\$ 25,272	\$ 4,824
Uncollected taxes at June 30, 2021			<u>2,273</u>	<u>2,208</u>	<u>65</u>
Current year's taxes collected			<u>\$ 27,823</u>	<u>\$ 23,064</u>	<u>\$ 4,759</u>
Current levy collection percentage			<u>92.45%</u>	<u>91.26%</u>	<u>98.65%</u>