

REVIEWED

By SLGFD at 10:36 am, Aug 25, 2022

TOWN OF PARMELE,
NORTH CAROLINA
FINANCIAL STATEMENTS
JUNE 30, 2021

TOWN OF PARMELE

PARMELE, NORTH CAROLINA

TOWN OFFICIALS

Mayor

Jerry M McCrary

Town Commissioners

Dustin Willet - Mayor Pro-Term

Kenneth Andrews

Glenda K. Barnes

Mary Ann Morning

Wanda H. Smith

Town Clerk

Cynthia T. McNally

Town of Parmele, North Carolina
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June 30, 2021

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Independent Auditors' 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, and each major fund of the Town of Parmele, North Carolina, 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Town of Parmele, North Carolina as of June 30, 2021, 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 the management's discussion and analysis on pages 7-16 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 basic financial statements of the Town of Parmele, North Carolina. The individual fund statements, budgetary schedule, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2022, on our consideration of the Town of Parmele's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Parmele's internal control over financial reporting and compliance.


Rebekah Barr, CPA PC
Certified Public Accountant
Wilson, North Carolina

August 1, 2022

MANAGEMENT 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, 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

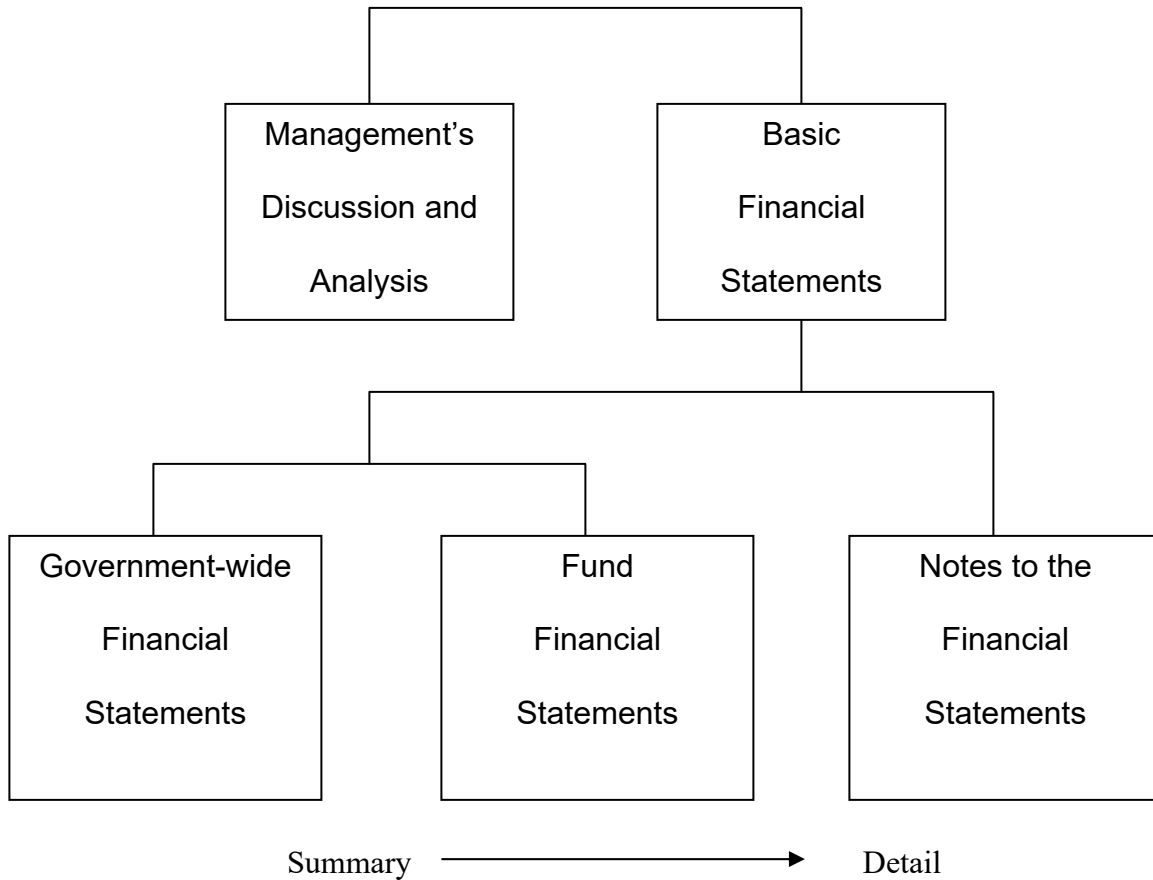
- The assets and deferred outflows of resources of the Town of Parmele exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,319,130 (*net position*).
- The government's total net position increased by \$592,190, primarily due to an increase in both the governmental 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 \$245,949 with a net decrease of 9,358 in fund balance. Approximately 82.46% of this total amount, or \$202,813, is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$202,813, or 51.61% of total general fund expenditures for the fiscal year.
- At the end of the current fiscal year, the Town of Parmele had Restricted Reserves of \$43,136.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the 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.

Figure 1

Components of Annual Financial Report



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-7) 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; and 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 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 functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in 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 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 29 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.

Figure 2
Town of Parmele's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 298,639	\$ 302,481	\$ 122,681	\$ 109,643	\$ 421,320	\$ 412,124
Pension assets	-	-	-	-	-	-
Capital assets	144,100	72,303	2,842,635	2,255,148	2,986,735	2,327,451
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 442,739</u>	<u>\$ 374,784</u>	<u>\$ 2,965,316</u>	<u>\$ 2,364,791</u>	<u>\$ 3,408,055</u>	<u>\$ 2,739,575</u>
Current liabilities	\$ 13,048	\$ 6,779	\$ 5,856	\$ 5,856	\$ 18,904	\$ 12,635
Noncurrent liabilities	70,021	-	-	-	70,021	-
Deferred inflows of resources	-	-	-	-	-	-
Total liabilities and deferred inflow of resources	<u>83,069</u>	<u>6,779</u>	<u>5,856</u>	<u>5,856</u>	<u>88,925</u>	<u>12,635</u>
Net investment in capital assets	144,100	65,524	2,842,635	2,255,148	2,986,735	2,327,451
Restricted	43,136	29,288	-	-	43,136	29,288
Unrestricted	172,434	273,193	116,825	103,787	289,259	370,201
Total net position	<u>\$ 359,670</u>	<u>\$ 368,005</u>	<u>\$ 2,959,460</u>	<u>\$ 2,358,935</u>	<u>\$ 3,319,130</u>	<u>\$ 2,726,940</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Parmele exceeded liabilities by \$3,319,130 as of June 30, 2021. The Town's net position increased by \$592,190 for the fiscal year ended June 30, 2021. However, the largest portion, \$2,986,735 or 89.99%, 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 its 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, \$43,136 or 1.30% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$289,259 or 8.71% is unrestricted.

Figure 3
Town of Parmele's Change in Net Position

	Governmental Activities		Governmental Activities		Governmental Activities	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 98,500	\$ 95,455	\$ 98,500	\$ 95,455
Operating grants and contributions	8,204	38,877	-	-	8,204	38,877
Capital grants and contributions	-	60,000	662,345	-	662,345	60,000
General revenues:					-	-
Property taxes	84,841	64,036	-	-	84,841	64,036
Other Taxes	-	37,845	-	-	-	37,845
Grants and contributions not restricted	199,734	-	-	-	199,734	-
Investment earnings	22	55	10	32	32	87
Other	13,223	55,461	1,577	8,851	14,800	64,312
Total revenues	306,024	256,274	762,432	104,338	1,068,456	360,612
Expenses:						
General government	279,893	117,383	-	-	279,893	117,383
Transportation	33,868	26,086	-	-	33,868	26,086
Interest on long-term debt	598	-	-	-	598	-
Water and sewer	-	-	161,907	187,475	161,907	187,475
Total expenses	314,359	143,469	161,907	187,475	476,266	330,944
Increase in Net Position						
Before transfers	(8,335)	112,805	600,525	(83,137)	592,190	29,668
Increase (decrease) in Net Position	(8,335)	112,805	600,525	(83,137)	592,190	29,668
Net Position, July 1	368,005	255,200	2,358,935	2,442,072	2,726,940	2,697,272
Net Position, July 30	<u>\$ 359,670</u>	<u>\$ 368,005</u>	<u>\$ 2,959,460</u>	<u>\$ 2,358,935</u>	<u>\$ 3,319,130</u>	<u>\$ 2,726,940</u>

Governmental activities: Governmental activities decreased the Town's net position by \$8,335.

Business-Type activities: Business-type activities decreased the Town of Parmele's net position by \$600,525, accounting for 100.00% of the total increase 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 \$2,842,635. The total increase in net position was \$600,525.

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's 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 \$71,622., while total fund balance reached \$87,617. The Town currently has an available fund balance of 377.99% of general fund expenditures, while total fund balance represents 462.41% of the same amount.

At June 30, 2021, the governmental funds of the Town of Parmele reported a combined fund balance of \$87,617 with a net increase in fund balance of \$4,659.

General Fund Budgetary Highlights

During the fiscal year, the Town revised the budget on several occasions. Generally, the budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance one 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 as of June 30, 2021, totaled \$18,399 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 16,125	\$ 16,125	\$ -	\$ -	\$ 16,125	\$ 16,125
Construction in progress	-	-	662,220	-	662,220	-
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	172,410	91,420	32,128	32,129	204,538	123,549
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	363,051	282,061	4,259,427	3,597,208	4,622,478	3,879,269
Accumulated Depreciation	(218,951)	(209,758)	(2,180,415)	(1,342,059)	(2,399,366)	(1,551,817)
Capital Assets, Net	<u>\$ 144,100</u>	<u>\$ 72,303</u>	<u>\$ 2,079,012</u>	<u>\$ 2,255,149</u>	<u>\$ 2,223,112</u>	<u>\$ 2,327,452</u>

Long-Term Debt

As of June 30, 2021, 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	
	2021	2020	2021	2020	2021	2020
Installment Purchases	\$ 80,991	\$ 6,778	\$ -	\$ -	\$ 80,991	\$ 6,778
Capital Assets, Net	<u>\$ 80,991</u>	<u>\$ 6,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,991</u>	<u>\$ 6,778</u>

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 a fixed income.

Budget Highlights for the Fiscal Year Ending June 30, 2021

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

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
P.O. Box 338
Parmele, NC 27841**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Primary Government Business-Type Activities	Total
ASSETS			
<i>Current Assets</i>			
Cash and cash equivalents	\$ 223,870	\$ 97,175	\$ 321,045
Taxes receivable, net	50,612	-	50,612
Accrued interest receivable on taxes	-	-	-
Accounts receivable - net	7,963	3,297	11,260
Prepays	-	2,992	2,992
Internal balances	(13,361)	13,361	-
Restricted cash and cash equivalents	29,555	5,856	35,411
Total Current Assets	<u>298,639</u>	<u>122,681</u>	<u>421,320</u>
<i>Capital Assets</i>			
Land and other nondepreciable assets	16,125	662,220	678,345
Other capital assets, net of depreciation	127,975	2,180,415	2,308,390
Total Capital Assets	<u>144,100</u>	<u>2,842,635</u>	<u>2,986,735</u>
Total assets	<u>442,739</u>	<u>2,965,316</u>	<u>3,408,055</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
<i>Current Liabilities</i>			
Accounts payable and accrued liabilities	2,078	-	2,078
Payable from restricted assets	-	5,856	5,856
Current portion of long-term debt	10,970	-	10,970
Total Current Liabilities	<u>13,048</u>	<u>5,856</u>	<u>18,904</u>
<i>Long-term liabilities:</i>			
Notes payable	70,021	-	70,021
Total Liabilities	<u>83,069</u>	<u>5,856</u>	<u>88,925</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	144,100	2,842,635	2,986,735
<i>Restricted for:</i>			
Stabilization by State Statute	13,581	-	13,581
Streets	29,555	-	29,555
<i>Unrestricted</i>	172,434	116,825	289,259
Total Net Position	<u>\$ 359,670</u>	<u>\$ 2,959,460</u>	<u>\$ 3,319,130</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 279,893	\$ -	\$ -	\$ -	\$ (279,893)	\$ -	\$ (279,893)
Transportation	33,868	-	8,204	-	(25,664)	-	(25,664)
Interest expense	598	-	-	-	(598)	-	(598)
Total governmental activities	<u>314,359</u>	<u>-</u>	<u>8,204</u>	<u>-</u>	<u>(306,155)</u>	<u>-</u>	<u>(306,155)</u>
Business-type activities:							
Water and sewer	161,907	98,500	-	662,345	-	598,938	598,938
Total business-type activities	<u>161,907</u>	<u>98,500</u>	<u>-</u>	<u>662,345</u>	<u>-</u>	<u>598,938</u>	<u>598,938</u>
Total primary government	<u>\$ 476,266</u>	<u>\$ 98,500</u>	<u>\$ 8,204</u>	<u>\$ 662,345</u>	<u>(306,155)</u>	<u>598,938</u>	<u>292,783</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					84,841	-	84,841
Grants and contributions not restricted to specific program:					199,734	-	199,734
Unrestricted investment earnings					22	10	32
Miscellaneous, unrestricted					13,223	1,577	14,800
Transfers					-	-	-
Total general revenues, special items, and transfers					<u>297,820</u>	<u>1,587</u>	<u>299,407</u>
Change in net position					(8,335)	600,525	592,190
Net position-beginning, previously reported					368,005	2,358,935	2,726,940
Net position-ending					<u>\$ 359,670</u>	<u>\$ 2,959,460</u>	<u>\$ 3,319,130</u>

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

FUND FINANCIAL STATEMENTS

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

	Major Fund
	General Fund
ASSETS	
Cash and cash equivalents	\$ 223,870
Restricted cash and cash equivalents	29,555
Taxes receivable, net	50,612
Accounts receivable, net	7,963
Due from other funds	(13,361)
Total assets	298,639
LIABILITIES	
Accounts payable and accrued liabilities	2,078
Total Liabilities	2,078
DEFERRED INFLOWS OF RESOURCES	
Property taxes receivable	50,612
Unearned revenue	-
Total deferred inflows of resources	50,612
FUND BALANCES	
Restricted:	
Stabilization by State Statute	13,581
Streets	29,555
Assigned:	
Subsequent year's expenditures	-
Unassigned	202,813
Total Fund Balance	245,949
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 298,639

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	363,051	
Accumulated depreciation	(218,951)	144,100
Earned revenues considered deferred inflows of resources in the fund statements.		50,612
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Notes payable	(80,991)	(80,991)
Net position of governmental activities	\$	359,670

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
Governmental Funds
For the Year Ended June 30, 2021

	<u>Major Fund</u> <u>General Fund</u>
Revenues	
Ad valorem taxes	\$ 81,403
Unrestricted intergovernmental	41,517
Restricted intergovernmental	12,690
Grants and contributions	153,731
Sales and services	-
Investment earnings	22
Miscellaneous Income	13,223
Total revenues	<u>302,586</u>
EXPENDITURES	
Current:	
General Government	272,107
Transportation	32,460
Debt service:	
Principal	6,779
Interest	598
Capital outlay	80,991
Total Expenditures	<u>392,935</u>
Excess (deficiency) of revenues over expenditures	(90,349)
Other Financing Sources	
Proceeds of long term debt	<u>80,991</u>
Net change in fund balance	(9,358)
Fund balances, beginning	<u>255,307</u>
Fund balances, ending	<u><u>\$ 245,949</u></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, 2021

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

Total Net Change in Fund Balances - Governmental Funds	\$	(9,358)
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Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 80,991	
Depreciation expense for governmental assets	<u>(9,194)</u>	71,797

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

Change in unavailable revenue for tax revenues		3,438
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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 has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

(74,212)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		<u>-</u>
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Changes in Net Position-Governmental Funds	\$	<u><u>(8,335)</u></u>
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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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Ad valorem taxes	\$ 69,690	\$ 69,690	\$ 81,403	\$ 11,713
Unrestricted intergovernmental	32,450	32,450	41,517	9,067
Restricted intergovernmental	9,200	9,200	12,690	3,490
Grants and contributions	-	-	153,731	153,731
Sales and services	-	-	-	-
Investment earnings	-	-	22	22
Miscellaneous Income	4,440	4,440	13,223	8,783
Total revenues	115,780	115,780	302,586	186,806
EXPENDITURES				
Current:				
General Government	174,157	174,157	272,107	(97,950)
Transportation	9,200	9,200	32,460	(23,260)
Debt service:				
Principal	-	-	6,779	(6,779)
Interest	-	-	598	(598)
Capital outlay	-	-	80,991	(80,991)
Total Expenditures	183,357	183,357	392,935	(209,578)
Excess (deficiency) of revenues over expenditures				
Other Financing Sources				
Proceeds from long term debt	-	-	80,991	(80,991)
Fund balance appropriated	67,577	67,577	-	(67,577)
Net change in fund balance	\$ -	\$ -	\$ (9,358)	\$ 247,816
Fund balances, beginning			255,307	
Fund balances, ending			<u>\$ 245,949</u>	

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

Town of Parmele, North Carolina
Statement of Net Position
Proprietary Fund
June 30, 2021

	Major Enterprise Fund
	Water and Sewer Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 97,175
Accounts receivable, net	3,297
Prepays	2,992
Restricted cash	5,856
Due from other funds	13,361
Total current assets	<u>122,681</u>
Noncurrent assets:	
Capital assets:	
Construction in progress	662,220
Other capital assets, net of depreciation	2,180,415
Total noncurrent assets	<u>2,842,635</u>
Total assets	<u>\$ 2,965,316</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	\$ -
Due to other funds	-
Current portion of long term debt	-
Liabilities payable from restricted assets:	
Customer deposits	5,856
Total current liabilities	<u>5,856</u>
Long-term liabilities:	
Notes payable	-
Total long-term liabilities	<u>-</u>
Total liabilities	<u>5,856</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>
NET ASSETS	
Net investment in capital assets	2,842,635
Unrestricted	116,825
Total net position	<u>\$ 2,959,460</u>

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

Town of Parmele, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
June 30, 2021

	Major Enterprise Fund
	Water and Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 98,500
Other operating revenues	1,577
Total operating revenues	<u>100,077</u>
OPERATING EXPENSES	
Salaries and benefits	-
Water agreement	73,145
Travel	353
Workshops	-
Office expenses	1,268
Permits	1,225
Phone	-
Utilities	1,774
Equipment and repairs	9,409
Depreciation	74,733
Contingency/other	-
Total operating expenses	<u>161,907</u>
Operating income (loss)	<u>(61,830)</u>
NONOPERATING REVENUES (EXPENSES)	
Grant proceeds	662,345
Interest on investments	10
Total nonoperating revenue (expenses)	<u>662,355</u>
Income (loss) before contributions and transfers	600,525
Capital contributions	-
Transfers (to) from other funds	-
Change in net position	<u>600,525</u>
Total net position - beginning	<u>2,358,935</u>
Total net position - ending	<u><u>\$ 2,959,460</u></u>

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

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

Major Enterprise Fund
Water and Sewer Fund

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 98,500
Cash paid for goods and services	(90,166)
Cash paid to employees for services	-
Customer deposits received	-
Grants received	662,345
Other operating revenues	1,577
Net cash provided (used) by operating activities	<u>672,256</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(662,220)
Net cash provided (used) by capital and related financing activities	<u>(662,220)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	10
Net cash (used) by investing activities	<u>10</u>
Net increase (decrease) in cash and cash equivalents	10,046
Balances-beginning of the year	<u>92,985</u>
Balances-end of the year	<u><u>\$ 103,031</u></u>

Reconciliation of operating income to net cash
provided by operating activities

Operating income	\$ 600,525
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	74,733
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	-
(Increase) decrease in prepaids	(2,992)
Increase (decrease) in accounts payable and accrued liabilities	-
Increase (decrease) in customer deposits	-
Total adjustments	<u>71,741</u>
Net cash provided by operating activities	<u><u>\$ 672,266</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

Town of Parmele, North Carolina
Notes to Financial Statements
For the Fiscal Year Ended June 30, 2021

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 Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise fund:

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations. A Sewer Capital Projects Fund has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Sewer Capital Projects Fund has been included in the supplemental information.

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise 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 nonoperating 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. Issuance 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 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. Project ordinances when needed are adopted for the Enterprise Fund Capital Projects Fund, which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions to the budget. The Town Manager has the authority to amend appropriations within departments. All other 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. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State Law [G.S. 159-30(c)], authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are 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

All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Town Board considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Power Bill funds are classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

Town of Parmele Restricted Cash

Governmental Activities

General Fund

Streets	\$	29,555
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Business-type Activities

Water and Sewer Fund

Customer deposits		<u>5,856</u>
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Total Restricted Cash

	\$	<u><u>35,411</u></u>
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. However, effective July 1, 2008, the Town contracts with Martin County to levy, bill, and collect all ad valorem taxes except motor vehicle taxes. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2020. 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 and Prepaids

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.

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 received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. 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
Buldings	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. 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 several item that meets the criterion for this category – property taxes receivable.

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.

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 unexpected 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.

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.

The Town 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.

13. Use of Estimates

The preparation of the financial statements in conformity with accounting principles general accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

14. Subsequent Events – Date of Management's Evaluation

Management has evaluated subsequent events through the date of the independent auditors' report, the date which the financial statements were available to be issued.

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Noncompliance with North Carolina General Statutes

The Town was in violation of NC State Statute 159-34 which states that each local government shall have its accounts audited as soon as possible after the close of each fiscal year. The Town failed to provide complete and timely accounting records for the year ended June 30, 2021. The Town's annual audit was submitted late due to this. The Town will review their procedures and policies to assure that their records be submitted in a timely manner in the future.

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 – DETAILS NOTES ON ALL FUNDS

A. Assets

1. Deposits and Investments

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

At June 30, 2021, the Town's deposits had a carrying amount of \$356,456 and a bank balance of \$356,614. Of the bank balances, \$287,548 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

2. Capital Assets

Governmental Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 16,125	\$ -	\$ -	\$ 16,125
Capital assets being depreciated:				
Buildings	56,458	-	-	56,458
Improvements	2,140	-	-	2,140
Equipment	91,419	80,991	-	172,410
Vehicles	73,679	-	-	73,679
Infrastructure	42,239	-	-	42,239
Total capital assets being depreciated	265,935	80,991	-	346,926
Less Accumulated Depreciation				
Buildings	39,043	1,411	-	40,454
Improvements	2,140	-	-	2,140
Equipment	91,418	2,308	-	93,726
Vehicles	59,443	4,067	-	63,510
Infrastructure	17,713	1,408	-	19,121
Total Accumulated Depreciable	209,757	\$ 9,194	\$ -	218,951
Total capital assets being depreciated, net	56,178			127,975
Governmental activity capital assets, net	\$ 72,303			\$ 144,100

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

General Government	\$ 7,786
Transportation	1,408
Total	\$ 9,194

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type Activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 662,220	\$ -	\$ 662,220
Capital assets being depreciated:				
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	3,597,207	-	-	3,597,207
Less Accumulated Depreciation				
Plant and Distribution system	1,327,980	71,250	-	1,399,230
Equipment	11,489	3,483	-	14,972
Vehicles	2,590	-	-	2,590
Total Accumulated Depreciable	1,342,059	\$ 74,733	\$ -	1,416,792
Total capital assets being depreciated, net	2,255,148			2,180,415
Water and Sewer Fund capital assets, net	\$ 2,255,148			\$ 2,842,635

Construction Commitments

The Town has one active construction project as of June 30, 2021. At year-end, the Town's commitment with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Sanitary Sewer Improvements	\$ 662,220	\$ 471,780

B. Liabilities

1. Deferred Outflows and Inflows of Resources

There were no deferred outflows of resources at year-end.

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	\$ -	\$ 50,612
Total	\$ -	\$ 50,612

2. 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 carries various insurance with private insurance companies. Coverage as of June 30, 2021 included general liability \$3,000,000, real and personal property \$2,629,257 and auto liability \$1,000,000. Workmen's compensation and employee health coverage are purchased through self-funded risk financing pools administered by the North Carolina League

of Municipalities. Workmen's compensation coverage is purchased up to statutory limits. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the 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.

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 carries flood insurance through the insurance carrier. They have purchased commercial flood insurance for \$1,141,800 per each occurrence with a deductible of \$5,000.

In accordance with [G.S. 159-29], the Town employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer is bonded for \$50,000.

3. Long Term Obligations

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Governmental Activities:					
Installment Purchases	\$ 6,778	\$ 80,991	\$ 6,778	\$ 80,991	\$ 10,970
Total long-term liabilities	<u>\$ 6,778</u>	<u>\$ 80,991</u>	<u>\$ 6,778</u>	<u>\$ 80,991</u>	<u>\$ 10,970</u>

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 10,970	\$ 1,434	\$ 12,404
2023	11,164	1,240	12,404
2024	11,362	1,042	12,404
2025	11,563	841	12,404
2026	11,768	636	12,404
2027 - 2028	24,164	644	24,808
	<u>\$ 80,991</u>	<u>\$ 5,837</u>	<u>\$ 86,828</u>

a. Installment Purchases

Serviced by Governmental Activities:

The Town entered into an installment purchase on August 9, 2018 for a F-150 truck at the cost of \$27,114. A down payment of \$6,789 was made and the balance of \$20,336 is to be repaid in 3 equal annual installments of \$7,377, including interest of \$599. The balance at June 30, 2021 was \$0.

The Town entered into an installment purchase on March 19, 2021 for a John Deere Tractor at the cost of \$80,991. This amount is to be repaid in 7 equal annual installments of \$12,404, including interest of

\$5,837. The balance at June 30, 2021 was \$80,991.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2021, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water/Sewer Fund	General Fund	<u>\$ 13,361</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

D. Fund Balance

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

Total Fund Balance-General Fund	\$ 245,949
Less:	
Stabilization by State Statute	13,581
Streets-Powell Bill	29,555
Appropriated Fund Balance in 2021 Budget	-
Working Capital/Fund Balance Policy	-
Remaining Fund Balance	\$ 202,813

NOTE VI – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues:			
Ad Valorem Taxes			
Taxes		81,403	
Total	69,690	81,403	11,713
Unrestricted Intergovernmental Revenues			
Local option sales tax		31,422	
Franchise and Utility Tax		8,993	
Beer & wine tax		1,102	
Utilities and telecommunications sales tax		-	
ABC Profit distribution		-	
Tax refunds		-	
Total	32,450	41,517	9,067
Restricted Intergovernmental Revenues			
Powell Bill allocation		8,204	
Solid waste disposal tax		197	
CARES Act funding		4,289	
Recreation grant		-	
Total	9,200	12,690	3,490
Other Revenues			
Grants and contributions		153,731	
Interest income		22	
Miscellaneous		13,223	
Total	4,440	166,976	162,536
Total Revenues	115,780	302,586	186,806

Continued

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Expenditures:			
General Government			
Administration			
Salaries and employee benefits		62,907	
Tax collection fee		-	
Professional services		11,600	
Dues and subscriptions		3,774	
Insurance and bonds		3,714	
Capital outlay		169,327	
Supplies		10,992	
Utilities		2,495	
Repairs and maintenance		2,131	
Propane		4,128	
Other operating expenses		1,039	
Total general government	174,157	272,107	(97,950)
Transportation			
Utilities		14,241	
Repairs		16,916	
Other operating expenses		1,303	
Total transportation	9,200	32,460	(23,260)
Debt service:			
Principal	-	6,779	(6,779)
Interest	-	598	(598)
Capital outlay	-	80,991	(80,991)
Total expenditures	183,357	392,935	(209,578)
Revenues over (under) expenditures	(67,577)	(90,349)	(22,772)
Other financing sources:			
Proceeds from long term debt	-	80,991	80,991
Appropriated fund balance	67,577	-	(67,577)
Net change in fund balance	\$ -	\$ (9,358)	\$ (9,358)
Fund balances, beginning		255,307	
Fund balances, ending		<u>\$ 245,949</u>	

Statement 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, 2021

			Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Operating revenues			
Water and sewer charges		98,500	
Other operating revenues		1,577	
Total operating revenues	131,309	100,077	(31,232)
Non-operating revenues			
Grants received		662,345	
Interest on investments		10	
Total non-operating revenues	-	662,355	662,355
Total Revenues	131,309	762,432	631,123
Expenditures:			
Salaries and benefits	9,224	-	9,224
Water agreement	91,863	73,145	18,718
Travel	500	353	147
Workshops	400	-	400
Office expenses	265	1,268	(1,003)
Permits	455	1,225	(770)
Phone	794	-	794
Utilities	3,000	1,774	1,226
Equipment and repairs	7,975	9,409	(1,434)
Depreciation	3,689	74,733	(71,044)
Contingency/other	13,144	-	13,144
Total expenditures	131,309	161,907	(30,598)
Revenues over (under) expenditures	-	600,525	600,525
Appropriated fund balance	-	-	-
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ 600,525	\$ 600,525

Statement 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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues and appropriated fund balance over (under) expenditures	\$ -	\$ 600,525	\$ 600,525
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation expense		(18,764)	
Increase (decrease) in deferred outflows of resources - pensions		(1,972)	
Increase (decrease) in deferred outflows of resources - OPEB		41,468	
(Increase) decrease in net pension liability		(10,030)	
(Increase) decrease in OPEB liability		(56,327)	
(Increase) decrease in deferred inflows of resources - pensions		(382)	
(Increase) decrease in deferred inflows of resources - OPEB		4,030	
(Increase) decrease in compensated absences		897	
Total		<u>(41,080)</u>	
Change in net position		<u>\$ 559,445</u>	

Town of Parmele, North Carolina
Sewer Capital Projects Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2021

	Project Author- izatio	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues - Sewer Project:					
Restricted intergovernmental:					
Federal grant	\$ -	\$ -	\$ -	\$ -	\$ -
State grant	1,134,000	-	662,345	662,345	471,655
Investment earnings	-	-	-	-	-
Total revenues	1,134,000	-	662,345	662,345	471,655
Expenditures - Sewer Project:					
Construction Costs	787,505	-	396,134	396,134	391,371
Engineering Costs	279,284	-	247,830	247,830	31,454
Other Project Costs	67,211	-	18,256	18,256	48,955
Total expenditures	1,134,000	-	662,220	662,220	471,780
Revenues over expenditures	\$ -	\$ -	\$ 125	\$ 125	\$ (125)

Other Schedules

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

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

Fiscal Year	Uncollected Balance 7/1/2020	Additions	Collections and Credits	Uncollected Balance 6/30/2021
2021	\$ -	\$ 72,873	\$ 58,388	\$ 14,485
2020	14,617	-	4,712	9,905
2019	10,318	-	2,280	8,038
2018	6,859	-	1,044	5,815
2017	5,063	-	1,611	3,452
2016	2,732	-	287	2,445
2015	2,167	-	104	2,063
2014	2,147	-	294	1,853
2013	1,562	-	99	1,463
2012	1,439	-	73	1,366
	<u>\$ 46,904</u>	<u>\$ 72,873</u>	<u>\$ 68,892</u>	<u>\$ 50,885</u>

Less: allowance for uncollectible accounts:

General Fund

273

Ad valorem taxes receivable - net

\$ 50,612

Reconcilement with Revenues

Taxes - ad valorem - General Fund

81,403

Reconciling items:

Taxes written off

188

Interest collected

(1,014)

Collections - prior year taxes written off

-

Refunds

-

Subtotal

(826)

Total collections and credits

\$ 80,577

Town of Parmele, North Carolina
General Fund
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2021

	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	\$ 10,085,145	\$ 0.68	\$ 84,558	\$ 72,873	\$ 11,685
Net Valuation	<u>\$ 10,085,145</u>				
Net levy			84,558	72,873	11,685
Less uncollected taxes at June 30, 2021			14,485	14,485	-
Current year's taxes collected			<u>\$ 70,073</u>	<u>\$ 58,388</u>	<u>\$ 11,685</u>
Current levy collection percentage			82.87%	80.12%	0.00%

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of Town of Parmele as of and for the year ended June 30, 2021, which comprise the statement of financial position and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements, which collectively comprises Town of Parmele's basic financial statements and have issued our report thereon dated August 1, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Parmele's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Parmele's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Parmele's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

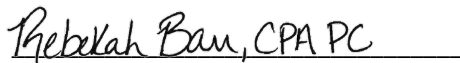
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Parmele's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an

objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rebekah Barr, CPA PC
Certified Public Accountant
Wilson, North Carolina

August 1, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE; IN ACCORDANCE WITH UNIFORM GUIDANCE; AND THE STATE SINGLE AUDIT IMPLEMENTATION
ACT**

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Town of Parmele's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on its major State program for the year ended June 30, 2021. Town of Parmele's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Parmele complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Parmele and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Town of Parmele's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Parmele's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Parmele's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial

likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Parmele's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Parmele's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Parmele's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Parmele's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.


Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Rebekah Barr, CPA PC
Certified Public Accountant
Wilson, North Carolina

August 1, 2022

SECTION I. -- SUMMARY OF AUDITORS' RESULTS

Internal control over financial reporting:

Material weakness(es) identified?	yes	X	no
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Significant deficiency(ies) identified that are not considered to be material weaknesses?	yes	X	none reported
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Noncompliance material to financial statements noted	yes	X	no
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Internal control over major state programs:

Material weakness(es) identified?	yes	X	no
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Significant deficiency(ies) identified that are not considered to be material weaknesses?	yes	X	none reported
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Type of auditors' report issued on compliance for major state programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with State Single Audit Implementation Act	yes	X	no
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Identification of major state programs:

Program Name

State Waste Water Reserve Grant

TOWN OF PARMELE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported

SECTION III. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported

TOWN OF PARMELE, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2021

SECTION II. -- FINANCIAL STATEMENT FINDINGS

None reported

SECTION III. -- STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported

TOWN OF PARMELE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

There were no prior year audit findings.

TOWN OF PARMELE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE/ PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
FEDERAL GRANTS:			
<u>U.S. Department of Treasury</u>			
Passed-through the Office of State Budget and Management			
Passed through NC Pandemic Recovery Office:			
Coronavirus Relief Fund	21.019	XXXX	\$ 4,289
STATE GRANTS:			
<u>N.C. Department of Transportation</u>			
Powell Bill		38570	3,126
<u>N. C. Department of Environmental Quality</u>			
State Waste Water Reserve Grant		E-SRP-W-17-0113	<u>662,220</u>
Total State Grants			665,346
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 669,635</u>

Notes to the Schedule of Expenditures of Federal and State Awards:

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the Town of Parmele under the programs of the federal government for the year ended June 30, 2021. The information in this SEFA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Parmele, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Parmele.

Note 2: Indirect Costs

The Town has not elected to charge a 10 percent de minimis indirect cost rate to its grants and has not elected to obtain a federal indirect cost rate.

Note 3: Summary of Significant Accounting Policies

Expenditures reported in the schedule of expenditures of federal awards are reported on the accrual basis of accounting.