

TOWN OF CAMERON, NORTH CAROLINA

Basic Financial Statements for the Year Ended
June 30, 2020, Supplemental Schedules, and
Independent Auditor's Report

Town of Cameron, North Carolina

Cristina A. Moore, Mayor

Commissioners

Diane R. Calhoun

Ginger Bauerband

Lisa Chapman

David Seiberling

Jim Leiby

Town of Cameron, North Carolina

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Financial Section

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Independent Auditors Report

To the Honorable Mayor and
Board of Commissioners
Town of Cameron, North Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cameron, North Carolina as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks 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 evaluation 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.

Opinion

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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Cameron, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison 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 and the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions 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. 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 our 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 me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Law Enforcement Officers' Special Separation Allowance Supplemental Information Analysis for Funding Progress that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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 statement of the Town of Cameron, 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, the combining and individual fund financial statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

J. Singh, CPA, P.A.

September 16, 2020
Sanford, NC

Management Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Cameron, we offer readers of the Town of Cameron's financial statements this narrative overview and analysis of the financial activities of the Town of Cameron for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

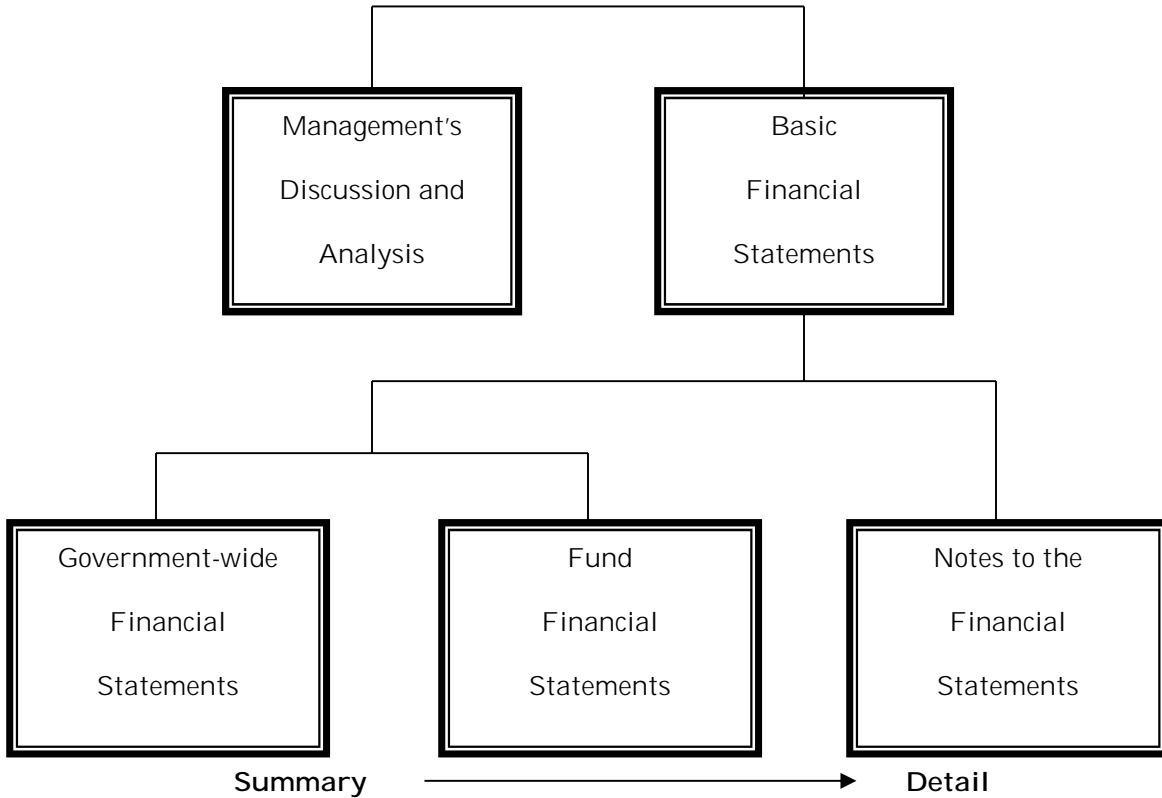
- The assets and deferred outflows of resources of the Town of Cameron exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,407,853 (net position).
- The government's total net position increased by \$24,072.
- As of the close of the current fiscal year, the Town of Cameron's governmental fund reported an ending fund balance of \$501,300, a increase of \$54,577 in comparison with the prior year. Approximately 14.25 percent of this total amount, or \$71,413, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$429,887, or 215.59 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 Town of Cameron'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 Cameron.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Pages 14 and 15) 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 (Pages 16 through 22) 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 two parts to the Fund Financial Statements, the governmental funds statements and the budgetary comparison 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.

Management Discussion and Analysis Town of Cameron

Government-wide Financial Statements

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

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

The government-wide statements are divided into governmental activities and business-type activities. The governmental activities include most of the Town's basic services such as public safety, transportation, sanitation, and general administration. Property taxes, sales and other taxes and state grant funds finance most of these activities. The business type activities are those that the Town charges customers to provide. These include water services offered by the Town of Cameron.

The government-wide financial statements are on pages 14 through 15 of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Cameron, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Cameron can be divided into two categories: the governmental fund and the proprietary fund.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting, 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 a reconciliation that is a part of the fund financial statements.

The Town of Cameron 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

Management Discussion and Analysis

Town of Cameron

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 – The Town of Cameron has one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Cameron uses its enterprise fund to account for its water 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. The notes to the financial statements are on pages 23 through 39 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information.

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.

Government-Wide Financial Analysis

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Town as a whole.

The Town of Cameron
Statement of Net position

Figure 2

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|----------------------------|-------------------|-----------------------------|-------------------|---------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Current and other assets | \$ 516,690 | \$ 463,613 | \$ 189,400 | \$ 190,901 | \$ 706,090 | \$ 654,514 |
| Capital assets (net) | 274,424 | 272,574 | 454,032 | 484,661 | 728,456 | 757,235 |
| Deferred outflows of resources | 14,087 | 15,328 | 1,289 | 1,847 | 15,376 | 17,175 |
| Total assets | <u>805,201</u> | <u>751,515</u> | <u>644,721</u> | <u>677,409</u> | <u>1,449,922</u> | <u>1,428,924</u> |
| Long-term liabilities outstanding | 14,169 | 13,225 | 1,670 | 1,246 | 15,839 | 14,471 |
| Other liabilities | 14,150 | 16,264 | 6,907 | 7,325 | 21,057 | 23,589 |
| Deferred inflows of resources | 3,658 | 4,976 | 1,515 | 2,107 | 5,173 | 7,083 |
| Total liabilities | <u>31,977</u> | <u>34,465</u> | <u>10,092</u> | <u>10,678</u> | <u>42,069</u> | <u>45,143</u> |
| Net position: | | | | | | |
| Net Investment in capital assets | 274,424 | 272,574 | 454,032 | 484,661 | 728,456 | 757,235 |
| Restricted | 46,248 | 28,725 | - | - | 46,248 | 28,725 |
| Unrestricted | 452,552 | 415,751 | 180,597 | 182,070 | 633,149 | 597,821 |
| Total net position | <u>\$ 773,224</u> | <u>\$ 717,050</u> | <u>\$ 634,629</u> | <u>\$ 666,731</u> | <u>\$ 1,407,853</u> | <u>\$ 1,383,781</u> |

Management Discussion and Analysis

Town of Cameron

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 the Town of Cameron exceeded liabilities and deferred inflows by \$1,407,853 as of June 30, 2020. The Town's net position decreased by \$24,072 for the fiscal year ended June 30, 2020. A large portion (51.74%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Cameron uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Cameron'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 Cameron's net position (3.30%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$633,149 is unrestricted.

The Town's financial operations were positively influenced by continued diligence in the collection of property taxes, maintaining a tax collection percentage of 98.46%, which is comparable to the statewide average.

Town of Cameron
Changes in Net position

Figure 3

| | Governmental Activities | | Business-type Activities | | Totals | |
|--|-------------------------|-------------------|--------------------------|-------------------|---------------------|---------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 20,325 | \$ 27,510 | \$ 79,273 | \$ 84,355 | \$ 99,598 | \$ 111,865 |
| Operating grants and contributions | 21,422 | 43,842 | - | 7,125 | 21,422 | 50,967 |
| General revenues: | | | | | | |
| Property taxes | 109,117 | 102,974 | - | - | 109,117 | 102,974 |
| Grants and contributions not restricted to specific programs | 116,252 | 108,825 | - | - | 116,252 | 108,825 |
| Miscellaneous: | | | | | | |
| Unrestricted investment earnings | 2,205 | 1,633 | 418 | 437 | 2,623 | 2,070 |
| Other | 166 | 4,808 | - | - | 166 | 4,808 |
| Total revenues | <u>\$ 269,487</u> | <u>\$ 289,592</u> | <u>\$ 79,691</u> | <u>\$ 91,917</u> | <u>\$ 349,178</u> | <u>\$ 381,509</u> |
| Expenses: | | | | | | |
| General Government | \$ 52,358 | \$ 59,400 | \$ - | \$ - | \$ 52,358 | \$ 59,400 |
| Public Safety | 52,230 | 54,440 | - | - | 52,230 | 54,440 |
| Transportation | 31,054 | 91,473 | - | - | 31,054 | 91,473 |
| Environmental protection | 36,405 | 46,438 | - | - | 36,405 | 46,438 |
| Economic & Physical Development | 4,014 | 3,615 | - | - | 4,014 | 3,615 |
| Cultural and recreation | 37,252 | 48,369 | - | - | 37,252 | 48,369 |
| Water | - | - | 111,793 | 116,104 | 111,793 | 116,104 |
| Total expenses | <u>\$ 213,313</u> | <u>\$ 303,735</u> | <u>\$ 111,793</u> | <u>\$ 116,104</u> | <u>\$ 325,106</u> | <u>\$ 419,839</u> |
| Increase (decrease) in net position | <u>56,174</u> | <u>(14,143)</u> | <u>(32,102)</u> | <u>(24,187)</u> | <u>24,072</u> | <u>(38,330)</u> |
| Net position beginning | <u>717,050</u> | <u>731,193</u> | <u>666,731</u> | <u>690,918</u> | <u>1,383,781</u> | <u>1,422,111</u> |
| Net position, ending | <u>\$ 773,224</u> | <u>\$ 717,050</u> | <u>\$ 634,629</u> | <u>\$ 666,731</u> | <u>\$ 1,407,853</u> | <u>\$ 1,383,781</u> |

Governmental activities. The Town's net position increased by \$56,174.

Business-type activities. Business-types activities decreased the Town of Cameron's net position by \$32,102.

Management Discussion and Analysis Town of Cameron

Financial Analysis of the Town's Funds

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

Governmental Funds: The focus of the Town of Cameron's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Cameron's financing requirements.

The general fund is the chief operating fund of the Town of Cameron. At the end of the current fiscal year, Town of Cameron's fund balance available in the general fund was \$410,748, while total fund balance reached \$501,300. The Town of Cameron currently has no specific policy relating to the percentage of general fund expenditures that is to be maintained in available fund balance; however fund balance available is periodically reviewed for sufficiency for unforeseen needs or opportunities in addition to meeting the cash flow needs of the Town. The Town currently has available fund balance of 193.31 percent of general fund expenditures, while total fund balance represents 233.93 percent of the same amount.

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

Revenues were more than the budgeted amounts primarily because increases in property taxes. In addition, expenditures were held in check and the Town was able to comply with its budgetary requirements.

Proprietary Funds: The Town of Cameron's proprietary fund provides the same type of information in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$180,597. The decrease in net position of the fund was \$32,102. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Cameron business-type activities.

Capital Assets

Capital assets: The Town of Cameron's investment in capital assets as of June 30, 2020, totals \$728,456 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles. During the year there were no major capital transactions.

**Town of Cameron's Capital Assets
(net of depreciation)**

Figure 4

| | Governmental Activities | Business-type Activities | Total |
|--------------------------------|----------------------------|-----------------------------|-------------------|
| Land | \$ 197,400 | \$ 51,429 | \$ 248,829 |
| Buildings | 63,449 | - | 63,449 |
| Other Improvements | 495 | - | 495 |
| Vehicles and other equipment | 13,080 | 2,292 | 15,372 |
| Plant and distribution systems | - | 400,310 | 400,310 |
| Total | <u>\$ 274,424</u> | <u>\$ 454,031</u> | <u>\$ 728,455</u> |

Additional information on the Town's capital assets can be found on page 31 of the Notes to the Basic Financial Statements.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Cameron is \$1,528,014.

Additional information regarding the Town of Cameron's long-term debt can be found on page 38 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Low unemployment. The Town of Cameron is located in Moore County, which is enjoying relatively stable economic and employment.
- Occupancy rates on office and retail space have remained steady with no significant increases or declines.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: The Town has approved a \$243,500 general fund budget for fiscal year 2021. The property tax rate for fiscal year 2021 has been set at 57.50 cents per \$100 of assessed valuation.

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 Director of Finance, Town of Cameron, Post Office Box 248, Cameron, NC 28326. You can also call at (910) 245-3212 or send an email to cameronnc@townofcameron.com.

Basic Financial Statements

Government Wide Financial Statements

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

| | Governmental Activities | Business Type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 442,567 | \$ 178,352 | \$ 620,919 |
| Receivables (net): | | | |
| Taxes | 2,710 | - | 2,710 |
| Accounts | 1,471 | 7,173 | 8,644 |
| Due from other governments | 24,943 | 136 | 25,079 |
| Prepaid expenses | 4,195 | - | 4,195 |
| Restricted cash and cash equivalents | 40,804 | 3,739 | 44,543 |
| Total current assets | <u>516,690</u> | <u>189,400</u> | <u>706,090</u> |
| Capital assets: | | | |
| Land | 197,400 | 51,429 | 248,829 |
| Other capital assets, net of depreciation | 77,024 | 402,603 | 479,627 |
| Total capital assets | <u>274,424</u> | <u>454,032</u> | <u>728,456</u> |
| Total assets | <u>791,114</u> | <u>643,432</u> | <u>1,434,546</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension deferrals - LGERS | 14,087 | 1,289 | 15,376 |
| Total deferred outflows of resources | <u>14,087</u> | <u>1,289</u> | <u>15,376</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable - trade | 6,036 | 1,552 | 7,588 |
| Accrued expenses | 6,644 | 1,616 | 8,260 |
| Customer deposits | - | 3,739 | 3,739 |
| Compensated absences | 1,470 | - | 1,470 |
| Total current liabilities | <u>14,150</u> | <u>6,907</u> | <u>21,057</u> |
| Non-current liabilities: | | | |
| Net pension liability | 14,169 | 1,670 | 15,839 |
| Total non-current liabilities | <u>14,169</u> | <u>1,670</u> | <u>15,839</u> |
| Total liabilities | <u>28,319</u> | <u>8,577</u> | <u>36,896</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension deferrals | 3,658 | 1,515 | 5,173 |
| Total deferred inflows of resources | <u>3,658</u> | <u>1,515</u> | <u>5,173</u> |
| NET POSITION | | | |
| Net investment in capital assets | 274,424 | 454,032 | 728,456 |
| Restricted for: | | | |
| Stabilization by state statute | 27,109 | - | 27,109 |
| Committed for cultural and recreation | 7,373 | - | 7,373 |
| Unrestricted | 464,318 | 180,597 | 644,915 |
| Total net position | <u>\$ 773,224</u> | <u>\$ 634,629</u> | <u>\$ 1,407,853</u> |

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

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|-------------------|----------------------------|--|--|--|------------------------|---------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business Activities | Total |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 52,358 | \$ 6,289 | \$ - | \$ - | \$ (46,069) | \$ - | \$ (46,069) |
| Public Safety | 52,230 | - | 7,382 | - | (44,848) | - | (44,848) |
| Transportation | 31,054 | - | 10,549 | - | (20,505) | - | (20,505) |
| Environmental protection | 36,405 | 13,836 | 271 | - | (22,298) | - | (22,298) |
| Economic & Physical Development | 4,014 | - | - | - | (4,014) | - | (4,014) |
| Cultural and recreation | 37,252 | 200 | 3,220 | - | (33,832) | - | (33,832) |
| Total governmental activities | <u>\$ 213,313</u> | <u>\$ 20,325</u> | <u>\$ 21,422</u> | <u>\$ -</u> | <u>(171,566)</u> | <u>-</u> | <u>(171,566)</u> |
| Business type activities: | | | | | | | |
| Utility | <u>\$ 111,793</u> | <u>\$ 79,273</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>(32,520)</u> | <u>(32,520)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 109,117 | - | 109,117 |
| Grants and contributions not restricted to specific programs | | | | | 116,252 | - | 116,252 |
| Unrestricted investment earnings | | | | | 2,205 | 418 | 2,623 |
| Miscellaneous: | | | | | | | |
| Other | | | | | 166 | - | 166 |
| Total general revenues | | | | | <u>227,740</u> | <u>418</u> | <u>228,158</u> |
| Change in net position | | | | | <u>56,174</u> | <u>(32,102)</u> | <u>24,072</u> |
| Net position, beginning | | | | | <u>717,050</u> | <u>666,731</u> | <u>1,383,781</u> |
| Net position, ending | | | | | <u>\$ 773,224</u> | <u>\$ 634,629</u> | <u>\$ 1,407,853</u> |

Fund Financial Statements

Town of Cameron, North Carolina
Balance Sheet – Governmental Funds
June 30, 2020

| | <u>Major Fund</u> | <u>Non-Major Fund</u> | <u>Total</u> |
|--|---------------------|-----------------------------|-------------------------------|
| | <u>General Fund</u> | <u>Capital Projects</u> | <u>Governmental Funds</u> |
| ASSETS | | | |
| Cash and cash equivalents | \$ 442,567 | \$ - | \$ 442,567 |
| Restricted cash | 40,804 | - | 40,804 |
| Receivables (net): | | | |
| Taxes | 2,710 | - | 2,710 |
| Sanitation fees | 1,471 | - | 1,471 |
| Prepaid expenses | 695 | 3,500 | 4,195 |
| Due from other governments | 24,943 | - | 24,943 |
| Total assets | <u>\$ 513,190</u> | <u>\$ 3,500</u> | <u>\$ 516,690</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 6,036 | \$ - | \$ 6,036 |
| Accrued expenses | 6,644 | - | 6,644 |
| Total liabilities | <u>12,680</u> | <u>-</u> | <u>12,680</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property taxes receivable | 2,710 | - | 2,710 |
| Total deferred inflows of resources | <u>2,710</u> | <u>-</u> | <u>2,710</u> |
| FUND BALANCES | | | |
| Restricted: | | | |
| Stabilization by state statute | 27,109 | - | 27,109 |
| Streets | 40,804 | - | 40,804 |
| Assigned | | | |
| Subsequent years expenditures | - | 3,500 | 3,500 |
| Unassigned | 429,887 | - | 429,887 |
| Total fund balances | <u>497,800</u> | <u>3,500</u> | <u>501,300</u> |
| Total liabilities, deferred inflows or resources and fund balances | <u>\$ 513,190</u> | <u>\$ 3,500</u> | <u>\$ 516,690</u> |
| Amounts reported for governmental activities in the statement of net position are different because: | | | |
| Fund balance as reported in the balance sheet - governmental funds | | | \$ 501,300 |
| Deferred outflows of resources are not reported in the funds | | | 14,087 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | | | 274,424 |
| Long term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds | | | |
| Net pension liability | | | (14,169) |
| Liabilities for earned revenue considered deferred inflows of resources in fund statements | | | 2,710 |
| Pension related deferrals | | | (3,658) |
| Other long-term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in the funds | | | (1,470) |
| Net position of governmental activities | | | <u>\$ 773,224</u> |

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

| | Major Fund | Non-Major Fund | Totals |
|--------------------------------------|-------------------|-------------------|-------------------|
| | General Fund | Capital Project | |
| Revenues: | | | |
| Ad valorem taxes | \$ 108,504 | \$ - | \$ 108,504 |
| Unrestricted intergovernmental | 116,252 | - | 116,252 |
| Restricted intergovernmental | 18,202 | - | 18,202 |
| Permits and fees | 6,289 | - | 6,289 |
| Sales and services | 14,036 | - | 14,036 |
| Investment earnings | 2,205 | - | 2,205 |
| Miscellaneous | 3,386 | - | 3,386 |
| Total revenues | <u>268,874</u> | <u>-</u> | <u>268,874</u> |
| Expenditures: | | | |
| General government | 50,846 | - | 50,846 |
| Public safety | 53,887 | - | 53,887 |
| Transportation | 29,584 | - | 29,584 |
| Environmental protection | 36,209 | - | 36,209 |
| Economic & Physical Development | 4,014 | - | 4,014 |
| Cultural and recreation | 39,757 | - | 39,757 |
| Total expenditures | <u>214,297</u> | <u>-</u> | <u>214,297</u> |
| Revenues over (under) expenditures | <u>54,577</u> | <u>-</u> | <u>54,577</u> |
| Other financing sources (uses): | | | |
| Transfer to other funds | (3,500) | - | (3,500) |
| Transfer from other funds | - | 3,500 | 3,500 |
| Total other financing sources (uses) | <u>(3,500)</u> | <u>3,500</u> | <u>-</u> |
| Net change in fund balance | 51,077 | 3,500 | 54,577 |
| Fund balance, beginning of year | <u>446,723</u> | <u>-</u> | <u>446,723</u> |
| Fund balance, end of year | <u>\$ 497,800</u> | <u>\$ 3,500</u> | <u>\$ 501,300</u> |

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

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

| | |
|--|-------------------------|
| Net change in fund balances - total governmental funds | \$ 54,577 |
| 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 exceeds depreciation expense for the current period. | 1,850 |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 3,631 |
| Some expenses reported in the statement of activities do not require the use current financial resources and therefore, are not reported as expenditures in governmental funds. | |
| Pension expense | (4,498) |
| Compensated absences | 1 |
| Some revenues reported in the statement of activities do not provide current financial resources in governmental funds. | <u>613</u> |
| Total changes in net position of governmental activities | <u><u>\$ 56,174</u></u> |

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

| | | | | |
|------------------------------------|----------------|----------------|-------------------|------------------|
| REVENUES | | | | |
| Ad valorem taxes | \$ 107,527 | \$ 107,527 | \$ 108,504 | \$ 977 |
| Unrestricted intergovernmental | 109,800 | 109,800 | 116,252 | 6,452 |
| Restricted intergovernmental | 11,510 | 11,560 | 18,202 | 6,642 |
| Permits and fees | 11,000 | 11,100 | 6,289 | (4,811) |
| Sales and services | 17,100 | 17,300 | 14,036 | (3,264) |
| Investment earnings | 100 | 100 | 2,205 | 2,105 |
| Miscellaneous | 350 | - | 3,386 | 3,386 |
| Total revenues | <u>257,387</u> | <u>257,387</u> | <u>268,874</u> | <u>11,487</u> |
| EXPENDITURES | | | | |
| General government | 62,847 | 62,847 | 50,846 | 12,001 |
| Public Safety | 59,008 | 59,008 | 53,887 | 5,121 |
| Transportation | 34,631 | 34,631 | 29,584 | 5,047 |
| Environmental protection | 40,611 | 36,761 | 36,209 | 552 |
| Economic & Physical Development | 18,231 | 18,231 | 4,014 | 14,217 |
| Cultural and recreation | 42,059 | 42,409 | 39,757 | 2,652 |
| Total expenditures | <u>257,387</u> | <u>253,887</u> | <u>214,297</u> | <u>39,590</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>3,500</u> | <u>54,577</u> | <u>51,077</u> |
| Other financing sources (uses) | | | | |
| Transfer to other funds | <u>-</u> | <u>3,500</u> | <u>(3,500)</u> | <u>-</u> |
| Fund balance appropriated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>51,077</u> | <u>\$ 51,077</u> |
| Fund balance, beginning of year | | | <u>446,723</u> | |
| Fund balance, end of year | | | <u>\$ 497,800</u> | |

Town of Cameron, North Carolina
Statement of Net Position
Proprietary Fund
June 30, 2020

| | Enterprise Fund |
|---|--------------------------|
| | <u>Water Fund</u> |
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 178,352 |
| Accounts receivable - customers | 7,173 |
| Due from other governments | 136 |
| Restricted cash and cash equivalents | 3,739 |
| Total current assets | <u>189,400</u> |
| Capital assets: | |
| Land | 51,429 |
| Other capital assets, net of depreciation | 402,603 |
| Total capital assets | <u>454,032</u> |
| Total noncurrent assets | <u>454,032</u> |
| Total assets | <u><u>643,432</u></u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Contributions to pension plan | <u>1,289</u> |
| Total deferred outflows of resources | <u>1,289</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable | 1,552 |
| Accrued expenses | 1,616 |
| Customer deposits | 3,739 |
| Total current liabilities | <u>6,907</u> |
| Noncurrent liabilities: | |
| Net pension liability | <u>1,670</u> |
| Total liabilities | <u><u>8,577</u></u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension deferrals | <u>1,515</u> |
| Total deferred inflows of resources | <u>1,515</u> |
| Net Position: | |
| Net investment in capital assets | 454,032 |
| Unrestricted | <u>180,597</u> |
| Total net position | <u><u>\$ 634,629</u></u> |

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

| | Enterprise Fund |
|--|--------------------------|
| | <u>Water Fund</u> |
| OPERATING REVENUES | |
| Charges for services | \$ 76,118 |
| Taps and reconnections | 3,155 |
| Total operating revenues | <u>79,273</u> |
| OPERATING EXPENSES | |
| Water treatment and distribution | 81,163 |
| Depreciation | 30,630 |
| Total operating expenses | <u>111,793</u> |
| Operating income (loss) | <u>(32,520)</u> |
| NONOPERATING REVENUES (EXPENSES) | |
| Investment earnings | 418 |
| Total nonoperating revenues (expenses) | <u>418</u> |
| Income (loss) | <u>(32,102)</u> |
| Change in net position | <u>(32,102)</u> |
| Net position - beginning | <u>666,731</u> |
| Net position - ending | <u><u>\$ 634,629</u></u> |

Town of Cameron, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2020

| | Water Fund |
|--|--------------------|
| Cash flows from operating activities: | |
| Cash received from customers and users | \$ 79,111 |
| Cash paid for goods and services | (44,767) |
| Cash paid to employees for services | (36,424) |
| Net cash provided by operating activities | <u>(2,080)</u> |
| Cash flows from capital and related financing activities: | |
| (Increase) Decrease in due from other governmental agencies | 701 |
| Net cash provided by capital and related financing activities | <u>701</u> |
| Cash flow from investing activities | |
| Interest on investments | 418 |
| Net increase in cash and cash equivalents | (961) |
| Cash and cash equivalents, July 1 | 183,052 |
| Cash and cash equivalents, June 30 | <u>\$ 182,091</u> |
| Reconciliation of operating income to net cash provided (used) by operating activities: | |
| Operating income (loss) | <u>\$ (32,520)</u> |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 30,630 |
| Changes in assets and liabilities: | |
| (Increase) Decrease in accounts receivable | (162) |
| (Increase) Decrease in deferred outflows of resources - pensions | 558 |
| Increase (Decrease) in net pension liability | 424 |
| Increase (Decrease) in deferred inflows of resources - pensions | (592) |
| Increase (Decrease) in accounts payable and accrued liabilities | (803) |
| Increase (Decrease) in customer deposits | 385 |
| Total adjustments | <u>30,440</u> |
| Net cash provided (used) by operating activities | <u>\$ (2,080)</u> |

Notes to the Financial Statements

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Cameron 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 Cameron is a municipal corporation that is governed by an elected mayor and a five-member Board of Commissioners. As required by generally accepted accounting principles, the Town would include any component unit for which it is financially accountable. For the year ended June 30, 2020, no component units were included in the financial statements.

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. 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. The Town had no nonmajor governmental or enterprise funds.

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 public safety, street maintenance and construction, and sanitation services.

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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 the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Cameron because the tax is levied by Carolina 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. Under the terms of grant agreements, the Town of Cameron 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. Amendments are required for any revisions that alter total expenditures of any fund or that increase departmental appropriations. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. 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. Use of Estimates

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

F. 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 Board 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. Non-participating interest earning contracts are accounted for at cost. The NCCMT-Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio's securities are valued at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

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

3. Restricted Assets

Customer deposits held by the Town 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 purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Town of Cameron Restricted Cash

| | |
|--------------------------------------|------------------|
| Governmental Activities General Fund | |
| Streets | \$ 40,804 |
| Total governmental activities | <u>40,804</u> |
| Business-type Activities: | |
| Water and Sewer Fund | |
| Customer deposits | <u>3,739</u> |
| Total business type activities | <u>3,739</u> |
| Total Restricted Cash | <u>\$ 44,543</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 1, 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 property listed as of January 1st of the levy year and assessed values as of the same date.

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

The government defines capital assets 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: Buildings, improvements, furniture and equipment, and vehicles, \$5,000. Donated capital assets received prior to June 15, 2019 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2019 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost of estimated historical cost. General infrastructure capitalization cost is \$100,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-------------------------|-------------------------------|
| Infrastructure | 20 |
| Buildings | 50 |
| Improvements | 20 |
| Vehicles | 4 |
| Furniture and equipment | 10 |
| Computer equipment | 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 contributions made to the pension plan in the 2020 fiscal year that meets 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 certain items that meet the criterion for this category – prepaid taxes, property taxes receivable, and pension deferrals.

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.

9. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to five days earned vacation leave with such leave being fully vested when earned. Effective with the last payroll in the fiscal year, any employee with more than 5 days of accumulated vacation leave shall have the excess accumulation removed so that only 5 days are carried forward to July 1 of the next fiscal year. For the Town's government-wide fund, an expense and a liability for compensated absences and the salary related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for the accumulation of up to sixty days earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Position/Fund Balances

Net Position

Net Position in government-wide and proprietary fund financial statements are classified as net invested in capital assets, net of related debt; restricted; and unrestricted. Restricted Net Position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or law 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 government 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.

Due from other funds – portion of fund balance that is not an available resource because it represents the year end balance of long-term amounts due from other funds, which are not spendable resources.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as 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.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Cameron's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. At year end the Town had \$7,373 in fund balance committed for cultural and recreational activities.

Assigned fund balance – portion of fund balance that Town of Cameron 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 purposed or other funds.

The Town of Cameron has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city 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.

The Town of Cameron has not adopted a minimum fund balance policy for the general fund.

11. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net position asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Cameron's employer contributions are recognized when due and the Town of Cameron has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. 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 policy regarding custodial credit risk for deposits.

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

At June 30, 2020, the Town's deposits had a carrying amount of \$665,462 and a bank balance of \$674,861. Of the bank balance, \$325,729 was covered by federal depository insurance and \$349,132 was covered by collateral held under the pooling method. At June 30, 2020, the Town's Petty cash fund totaled \$30.00.

2. Receivables – Due from other governmental agencies:

a. At June 30, 2020 amounts due from other governmental agencies by source consist of the following:

| | <u>Governmental Activities</u> | <u>Business Type Activities</u> |
|----------------------------|------------------------------------|-------------------------------------|
| State of North Carolina: | | |
| Local option sales tax | \$ 14,928 | \$ - |
| CARES Act | 7,383 | - |
| Sales tax refund | 1,140 | 136 |
| Moore County: | | |
| Property taxes collections | 1,492 | - |
| Total | <u>\$ 24,943</u> | <u>\$ 136</u> |

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

| | <u>General Fund</u> |
|------------------|---------------------|
| Taxes receivable | \$ 1,280 |

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

3. Capital Assets

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

| | Beginning Balances | Additions | Disposals | Ending Balances |
|---|-----------------------|-----------------|-------------|--------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 197,400 | \$ - | \$ - | \$ 197,400 |
| Total Capital assets not being depreciated | <u>197,400</u> | <u>-</u> | <u>-</u> | <u>197,400</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 104,693 | - | - | 104,693 |
| Other improvements | 6,545 | - | - | 6,545 |
| Equipment | 15,725 | 5,816 | - | 21,541 |
| Vehicles and motorized equipment | 95,967 | 6,000 | - | 101,967 |
| Total capital assets being depreciated | <u>222,930</u> | <u>11,816</u> | <u>-</u> | <u>234,746</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 38,192 | 3,052 | - | 41,244 |
| Other improvements | 5,723 | 327 | - | 6,050 |
| Equipment | 15,725 | 2,244 | - | 17,969 |
| Vehicles and motorized equipment | 88,116 | 4,343 | - | 92,459 |
| Total accumulated depreciation | <u>147,756</u> | <u>9,966</u> | <u>-</u> | <u>157,722</u> |
| Total capital assets being depreciated, net | <u>75,174</u> | <u>1,850</u> | <u>-</u> | <u>77,024</u> |
| Governmental activity capital assets, net | <u>\$ 272,574</u> | <u>\$ 1,850</u> | <u>\$ -</u> | <u>\$ 274,424</u> |

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

| | |
|----------------------------|-----------------|
| General government | \$ 1,232 |
| Transportation | 1,275 |
| Public Safety | 4,343 |
| Cultural and recreational | 3,116 |
| Total depreciation expense | <u>\$ 9,966</u> |

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

| | Beginning Balances | Additions | Disposals | Ending Balances |
|---|-----------------------|-------------|-----------|--------------------|
| Business Type Activities: | | | | |
| Water Fund: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 51,429 | \$ - | \$ - | 51,429 |
| Total Capital assets not being depreciated | 51,429 | - | - | 51,429 |
| Capital assets being depreciated: | | | | |
| Vehicles and motorized equipment | 5,500 | - | - | 5,500 |
| Plant and distribution systems | 1,258,700 | - | - | 1,258,700 |
| Total capital assets being depreciated | 1,264,200 | - | - | 1,264,200 |
| Less accumulated depreciation for: | | | | |
| Vehicles and motorized equipment | 2,108 | 1,100 | - | 3,208 |
| Plant and distribution systems | 828,860 | 29,530 | - | 858,390 |
| Total accumulated depreciation | 830,968 | 30,630 | - | 861,598 |
| Total capital assets being depreciated, net | 433,232 | (30,630) | - | 402,602 |
| Business type activity capital assets, net | \$ 484,661 | \$ (30,630) | \$ - | \$ 454,031 |

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Cameron is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustee, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27600-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's

Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or return of the member's contributions.

Contributions. Contributions provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assemble. Town of Cameron employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Cameron's contractually required contribution rate for the year ended June 30, 2020, was 8.50% of compensation for law enforcement officers and 8.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Cameron were \$5,880 for the year ended June 30, 2020.

Refunds of Contributions – Town employees, who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the Town reported a liability of \$15,839 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Town's proportion was .00003%, which was a decrease of 0.00058% from its proportion measured as of June 30, 2018.

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

For the year ended June 30, 2020, the Town recognized pension expense of \$7,137. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 2,712 | \$ - |
| Changes of assumptions | 2,582 | - |
| Net difference between projected and actual earnings on pension plan investments | 386 | - |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 3,816 | 5,173 |
| Town contributions subsequent to the measurement date | <u>5,880</u> | <u>-</u> |
| Total | <u>\$ 15,376</u> | <u>\$ 5,173</u> |

\$5,880 reported as deferred outflows of resources related to pensions resulting from Town contribution subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year.

Future amortization

Year ended June 30:

| | |
|------------|----------|
| 2021 | \$ 2,916 |
| 2022 | 1,108 |
| 2023 | (138) |
| 2024 | 437 |
| 2025 | - |
| Thereafter | - |

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 3.0 percent |
| Salary increases | 3.50 to 8.1 percent, including inflation and productivity factor |
| Investment rate of return | 7.00 percent, net of pension plan investment expense, including inflation |

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Fixed Income | 29.0% | 1.4% |
| Global Equity | 42.0% | 5.3% |
| Real Estate | 8.0% | 4.3% |
| Alternatives | 8.0% | 8.9% |
| Credit | 7.0% | 6.0% |
| Inflation Protection | 6.0% | 4.0% |
| Total | <u>100%</u> | |

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

| | <u>1% Decrease (6.00%)</u> | <u>Discount Rate (7.00%)</u> | <u>1% Increase (8.00%)</u> |
|---|----------------------------|------------------------------|----------------------------|
| Town's proportionate share of the net pension liability (asset) | \$ 36,227 | \$ 15,839 | \$ (1,107) |

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

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

| | <u>LGERS</u> | <u>Total</u> |
|--|--------------|--------------|
| Pension Expense | \$ 7,137 | \$ 7,137 |
| Pension Liability | 15,839 | 15,839 |
| Proportionate share of the net pension liability | 0.00003% | |
| Deferred of Outflows of Resources | | |
| Differences between expected and actual experience | 2,712 | 2,712 |
| Changes of assumptions | 2,582 | 2,582 |
| Net difference between projected and actual earnings on plan investments | 386 | 386 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 3,816 | 3,816 |
| Benefit payments and administrative costs paid subsequent to the measurement date | 5,880 | 5,880 |
| Deferred of Inflows of Resources | | |
| Differences between expected and actual experience | - | - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on plan investments | - | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 5,173 | 5,173 |

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy: Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan.

The Town has also elected for all permanent full-time employees not engaged in law enforcement to be covered under the Supplemental Retirement Income Plan. The Town contributes 3% of employees' monthly compensation to the plan and the employees may make voluntary contributions.

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

d. Other Employment Benefits

The Town has also elected to provide death benefits to law enforcement employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

| <u>Source</u> | <u>Amount</u> |
|---|------------------|
| Contributions pension plan in current fiscal year | \$ 5,880 |
| Differences between expected and actual experience | 2,712 |
| Changes in assumptions | 2,582 |
| Net difference between projected and actual | 386 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | <u>3,816</u> |
| Total | <u>\$ 15,376</u> |

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

| | <u>Statement of Net Position</u> | <u>General Fund Balance Sheet</u> |
|--|--------------------------------------|---------------------------------------|
| General Fund | | |
| Taxes receivable, (net) | \$ - | \$ 2,710 |
| Changes in assumption | - | - |
| Differences between expected and actual experience | - | - |
| Changes in proportion and differences between employer contributions and | <u>5,173</u> | <u>-</u> |
| Total | <u>\$ 5,173</u> | <u>\$ 2,710</u> |

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

3. Long-Term Obligations

a. Changes in long-term liabilities

Compensated absences for governmental activities have typically been liquidated in the general fund.

| | Balance July 1, 2019 | Additions | Adjustments and Retirements | Balance June 30, 2020 | Current Portion | Long-Term Portion |
|-------------------------------|-------------------------|-----------------|-----------------------------------|--------------------------|--------------------|----------------------|
| Governmental activities: | | | | | | |
| Net pension liability (LGERS) | \$ 13,225 | \$ 944 | \$ - | \$ 14,169 | \$ - | \$ 14,169 |
| Compensated absences | 1,471 | 2,520 | 2,520 | 1,471 | 1,471 | - |
| Total | <u>\$ 14,696</u> | <u>\$ 3,464</u> | <u>\$ 2,520</u> | <u>\$ 15,640</u> | <u>\$ 1,471</u> | <u>\$ 14,169</u> |
| Business type activities: | | | | | | |
| Net pension liability (LGERS) | \$ 1,246 | \$ 424 | \$ - | \$ 1,670 | \$ - | \$ 1,670 |
| Total | <u>\$ 1,246</u> | <u>\$ 424</u> | <u>\$ -</u> | <u>\$ 1,670</u> | <u>\$ -</u> | <u>\$ 1,670</u> |

At June 30, 2020, the Town's legal debt margin is \$1,528,014.

4. Fund Balances

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 | \$ 497,800 |
| Less: | |
| Stabilization by State Statute | (27,109) |
| Streets - Powell Bill | (40,804) |
| Remaining Fund Balance | <u>\$ 429,887</u> |

5. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss including fidelity bonds of \$50,000 on the Town finance officer and tax collector. 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. No other employees have access to funds.

III. Summary Disclosure of Significant Contingencies

A. 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. Date of Management's Review

The Town has evaluated subsequent events through September 16, 2020, the date the financial statements were available to be issued.

Required Supplemental Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions of Local Government Employees' Retirement System

Town of Cameron, North Carolina
Town of Cameron's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Seven Fiscal Years*

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Cameron's proportion of the net pension liability (asset) (%) | 0.00003% | 0.00061% | 0.00160% | 0.00016% | 0.00048% | 0.00667% | 0.00150% |
| Cameron's proportion of the net pension liability (asset) (\$) | \$ 15,839 | \$ 14,471 | \$ 24,444 | \$ 3,396 | \$ 2,154 | \$ (3,951) | \$ 18,081 |
| Cameron's covered-employee payroll | \$ 65,698 | \$ 43,530 | \$ 45,513 | \$ 29,905 | \$ 52,831 | \$ 88,152 | \$ 105,045 |
| Cameron's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 24.11% | 33.24% | 53.70% | 11.36% | 4.08% | 4.48% | 17.21% |
| Plan fiduciary net position as a percentage of the total pension liability ** | 91.63% | 92.00% | 94.18% | 91.47% | 98.09% | 102.64% | 94.35% |

* The amount presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

Town of Cameron, North Carolina
Town of Cameron's Contributions
Required Supplementary Information
Last Seven Fiscal Years

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 5,880 | \$ 3,374 | \$ 3,498 | \$ 4,853 | \$ 2,064 | \$ 3,725 | \$ 5,774 |
| Contributions in relation to the contractually required contribution | 5,880 | 3,374 | 3,498 | 4,853 | 2,064 | 3,725 | 5,774 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Cameron's covered payroll | \$ 65,698 | \$ 43,530 | \$ 45,513 | \$ 64,123 | \$ 29,905 | \$ 52,831 | \$ 88,152 |
| Contributions as a percentage of covered payroll | 8.95% | 7.75% | 7.69% | 7.57% | 6.90% | 7.07% | 6.55% |

Individual Fund Statements and Schedules

General Fund

The general fund accounts for resources traditionally associated with governments that are not required to be accounted for in other funds.

Town of Cameron, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2020

| | 2020 | | Variance Positive (Negative) |
|------------------------------------|------------|------------|------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Ad valorem taxes: | | | |
| Current year | | \$ 108,140 | |
| Prior year | | 663 | |
| Penalties, interest, and discounts | | (299) | |
| Total | \$ 107,527 | \$ 108,504 | \$ 977 |
| Unrestricted intergovernmental: | | | |
| Local Option Sales Tax | | 98,753 | |
| Utility franchise tax | | 12,372 | |
| Telecommunications sales tax | | 2,494 | |
| Video programming tax | | 1,084 | |
| Beer and wine tax | | 1,549 | |
| Total | 109,800 | 116,252 | 6,452 |
| Restricted intergovernmental: | | | |
| Powell Bill allocation | | 10,549 | |
| CARES Act funding | | 7,382 | |
| Solid waste disposal tax | | 271 | |
| Total | 11,560 | 18,202 | 6,642 |
| Permits and fees: | | | |
| Street fair | | 5,310 | |
| Other | | 979 | |
| Total | 11,100 | 6,289 | (4,811) |
| Sales and services: | | | |
| Recreation department fees | | 200 | |
| Solid waste fees | | 13,836 | |
| Total | 17,300 | 14,036 | (3,264) |
| Investment earnings | 100 | 2,205 | 2,105 |
| Miscellaneous: | | | |
| Private donations | | 3,220 | |
| Other | | 166 | |
| Total | - | 3,386 | 3,386 |
| Total revenues | 257,387 | 268,874 | 11,487 |
| Expenditures: | | | |
| General government: | | | |
| Administration: | | | |
| Salaries and employee benefits | | 17,528 | |
| Other operating expenditures | | 33,318 | |
| Total | 62,847 | 50,846 | 12,001 |
| Total general government | 62,847 | 50,846 | 12,001 |

Town of Cameron, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2020

| | 2020 | | Variance Positive (Negative) |
|---------------------------------------|----------|------------|------------------------------------|
| | Budget | Actual | |
| Public safety: | | | |
| Police: | | | |
| Salaries and employee benefits | | 23,044 | |
| Other operating expenditures | | 7,313 | |
| Capital outlay | | 6,000 | |
| Total | 40,870 | 36,357 | 4,513 |
| Fire: | | | |
| Fire protection | | 17,530 | |
| Total | 18,138 | 17,530 | 608 |
| Total public safety | 59,008 | 53,887 | 5,121 |
| Transportation: | | | |
| Streets repair and construction: | | | |
| Salaries and employee benefits | | 12,255 | |
| Other operating expenditures | | 17,329 | |
| Total | 34,631 | 29,584 | 5,047 |
| Total transportation | 34,631 | 29,584 | 5,047 |
| Environmental protection: | | | |
| Sanitation: | | | |
| Salaries and benefits | | 12,266 | |
| Other operating expenditures | | 23,943 | |
| Total | 36,761 | 36,209 | 552 |
| Total environmental protection | 36,761 | 36,209 | 552 |
| Economic & Physical Development: | | | |
| Planning and Zoning: | | | |
| Other operating expenditures | | 4,014 | |
| Total | 18,231 | 4,014 | 14,217 |
| Total Economic & Physical Development | 18,231 | 4,014 | 14,217 |
| Cultural and Recreation: | | | |
| Parks: | | | |
| Salaries and benefits | | 12,255 | |
| Other operating expenditures | | 21,686 | |
| Capital outlay | | 5,816 | |
| Total | 42,409 | 39,757 | 2,652 |
| Total Cultural and Recreation | 42,409 | 39,757 | 2,652 |
| Total expenditures | 253,887 | 214,297 | 39,590 |
| Revenues over (under) expenditures | 3,500 | 54,577 | 51,077 |
| Other financing sources (uses): | | | |
| Transfer to capital projects fund | 3,500 | (3,500) | - |
| Total other financing sources (uses) | 3,500 | (3,500) | - |
| Net change in fund balance | \$ 7,000 | 51,077 | \$ 51,077 |
| Fund balances: | | | |
| Beginning of year, July 1 | | 446,723 | |
| End of year, June 30 | | \$ 497,800 | |

Non-Major Governmental Fund

Non-Major Capital Project Fund

Bicycle and Pedestrian Plan – Accounts for revenues and costs incurred in connection with the construction of Bicycle and Pedestrian paths.

Town of Cameron, North Carolina
Bicycle and Pedestrian Plan
Balance Sheet
June 30, 2020

| | | |
|------------------------------------|----|---------------------|
| Assets: | | |
| Prepaid expenses | \$ | <u>3,500</u> |
| Total assets | | <u>3,500</u> |
| Liabilities and Fund Balance | | |
| Liabilities | | <u>-</u> |
| Fund Balance | | |
| Committed | | <u>3,500</u> |
| Total Liabilities and Fund Balance | \$ | <u><u>3,500</u></u> |

Town of Cameron, North Carolina
 Bicycle and Pedestrian Plan
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 From Inception and For the Year Ended June 30, 2020

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Years</u> | <u>Total to Date</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|----------------------------------|--------------------|----------------------|----------------------|---|
| REVENUES: | | | | | |
| Restricted Intergovernmental: | | | | | |
| N.C. Department of Transportation | \$ 31,500 | - | - | - | \$ (31,500) |
| EXPENDITURES: | | | | | |
| Construction | 35,000 | - | - | - | 35,000 |
| Revenues over (under) expenditures | (3,500) | - | - | - | (3,500) |
| Other financing sources (uses): | | | | | |
| Transfer from General Fund | 3,500 | - | 3,500 | 3,500 | - |
| Net Change in fund balance | <u>\$ -</u> | <u>\$ -</u> | 3,500 | <u>\$ 3,500</u> | <u>\$ 3,500</u> |
| Fund balance beginning - July 1 | | | <u>-</u> | | |
| Fund balance ending - June 30 | | | <u>\$ 3,500</u> | | |

Proprietary Fund

The Proprietary Fund is used to account for Town operations that are financed and operated in a manner similar to private business enterprises. The costs of providing services to the general public on continuing bases are financed primarily through user charges

Individual Fund Descriptions:

Water Fund – accounts for the water operations of the Town.

Town of Cameron, North Carolina
Proprietary Fund
Schedule of Revenue and Expenditures (Non-GAAP)
Budget and Actual
For the Year Ended June 30, 2020

| | 2020 | | Variance Positive (Negative) |
|--|-----------|-------------|------------------------------------|
| | Budget | Actual | |
| Revenues: | | | |
| Charges for services | | \$ 76,118 | |
| Tap and reconnections | | 3,155 | |
| Total operating revenues | \$ 81,500 | 79,273 | \$ (2,227) |
| Nonoperating revenues: | | | |
| Interest earnings and miscellaneous | 320 | 418 | |
| Total non-operating revenues | 320 | 418 | 98 |
| Total Revenues | 81,820 | 79,691 | (2,129) |
| Expenditures: | | | |
| Salaries and employee benefits | | 36,102 | |
| Other operating expenses | | 44,671 | |
| Total expenditures | 120,381 | 80,773 | 39,608 |
| Revenues over (under) expenditures | (38,561) | (1,082) | 37,479 |
| Fund balance appropriated | 38,561 | - | (38,561) |
| Net change in fund balance | \$ - | \$ (1,082) | \$ (1,082) |
| Reconciliation to Net Income | | | |
| Revenues over (under) expenditures | | \$ (1,082) | |
| Reconciling items: | | | |
| Depreciation | | (30,630) | |
| Increase (Decrease) in deferred outflows of resources - pensions | | (558) | |
| (Increase) Decrease in net pension liability | | (424) | |
| (Increase) Decrease in deferred inflows of resources - pensions | | 592 | |
| Total reconciling items | | (31,020) | |
| Net income (Loss) | | \$ (32,102) | |

Other Supplemental Schedules

Town of Cameron, North Carolina
 General Fund
 Schedule of AD Valorem Taxes Receivable
 For the Year Ended June 30, 2020

| Fiscal Year | Uncollected Balance 6/30/2019 | Additions | Collections And Credits | Uncollected Balance 6/30/2020 |
|-------------|-------------------------------------|------------|----------------------------|-------------------------------------|
| 2019-2020 | \$ - | \$ 109,826 | \$ 108,140 | \$ 1,686 |
| 2018-2019 | 741 | - | 572 | 169 |
| 2017-2018 | 224 | - | 3 | 221 |
| 2016-2017 | 106 | - | 3 | 103 |
| 2015-2016 | 56 | - | 14 | 42 |
| 2014-2015 | 20 | - | - | 20 |
| 2013-2014 | 390 | - | - | 390 |
| 2012-2013 | 535 | - | - | 535 |
| 2011-2012 | 349 | - | - | 349 |
| 2010-2011 | 450 | - | 89 | 361 |
| 2009-2010 | 206 | - | 92 | 114 |
| | \$ 3,077 | \$ 109,826 | \$ 108,913 | 3,990 |

Less: allowance for uncollectible accounts:
 General Fund

1,280

Ad valorem taxes receivable - net

\$ 2,710

Reconciliation with revenues:

Ad valorem taxes - General Fund

\$ 108,504

Reconciling items:

Interest collected (770)

Discounts allowed 1,069

Taxes written off 110

Subtotal 409

Total collections and credits

\$ 108,913

Town of Cameron, North Carolina
 Analysis of Current Tax Levy and Tax Revenues
 For the Year Ended June 30, 2020

| | Town - Wide | | Total Levy | | |
|---|-----------------------|-------|------------------|--|---------------------------------|
| | Property Valuation | Rate | Total Levy | Property excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy: | | | | | |
| Property taxed at current rate | \$ 19,053,565 | 0.575 | \$ 109,558 | \$ 99,093 | \$ 10,465 |
| Discoveries - current and prior years | 316,348 | | 1,819 | 1,819 | - |
| Releases | (269,739) | | (1,551) | (1,551) | - |
| Total property valuation | <u>\$ 19,100,174</u> | | | | |
| Net levy | | | 109,826 | 99,361 | 10,465 |
| Unpaid (by taxpayer) taxes at June 30, 2018 | | | (1,686) | (1,686) | - |
| Current year's taxes collected | | | <u>\$108,140</u> | <u>\$97,675</u> | <u>\$10,465</u> |
| Current levy collection percentage | | | <u>98.46%</u> | <u>98.30%</u> | <u>100.00%</u> |