

TOWN OF CAPE CARTERET, NORTH CAROLINA

Report of Audit

For the Fiscal Year Ended June 30, 2020



	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report	6
Management's Discussion and Analysis	9
<i>Basic Financial Statements</i>	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position	18
Statement of Activities.....	20
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds	22
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	25
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	27
Notes to the Financial Statements	28
<i>Required Supplementary Financial Data</i>	
Proportionate Share of Net Pension Liability (Asset) - LGERS	56
Town's Contributions - LGERS.....	57
Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance.....	58
Schedule of Total Pension Liability as a Percentage of Covered Payroll	59
<i>Major Governmental Funds – General Fund</i>	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	62

TOWN OF CAPE CARTERET, NORTH CAROLINA

Table of Contents (Continued)

Non-Major Capital Project Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Non-Major Capital Project Fund – CC Trail.....	66
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Other Schedules

Schedule of Ad Valorem Taxes Receivable – General Fund	68
Analysis of Current Tax Levy	69

COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	72
Schedule of Findings and Responses	74
Corrective Action Plan	76
Summary Schedule of Prior Audit Findings	77

FINANCIAL SECTION

Independent Auditor's Report

To the Honorable Mayor
And the Board of Commissioners
Cape Carteret, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cape Carteret, North Carolina as of June 30, 2020, and the respective changes in financial position and the 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, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Cape Carteret, North Carolina. The 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 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. In our opinion, based on our audit, the procedures performed as described above, the individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2021 on our consideration of Town of Cape Carteret's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Cape Carteret's internal control over financial reporting and compliance.

W Greene, PLLC

Whiteville, North Carolina
January 8, 2021

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

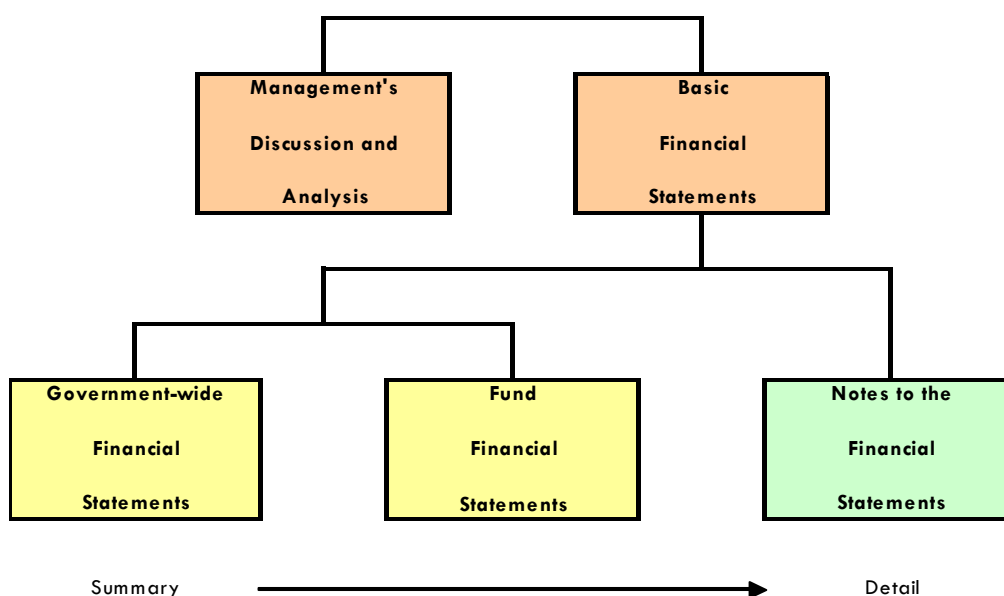
- The assets and deferred outflows of resources of the Town of Cape Carteret exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,549,305 (net position).
- The government's total net position increased \$649,438.
- As of the close of the current fiscal year, the Town of Cape Carteret's governmental funds reported combined ending fund balances of \$2,162,185, with an increase of \$738,861 in fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,741,012 or 104.82 percent of total general fund expenditures for the fiscal year.
- The Town's tax collection rate was 99.04% in total.
- The Town had one loan outstanding as of the year ended June 30, 2020 in the amount of \$26,658.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 18 through 21) 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 22 through 27) 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: 1) the governmental funds statements; and 2) 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 North Carolina General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as administration, streets and highways, and public safety. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. The Town of Cape Carteret does not currently provide services that are considered business-type activities.

The government-wide financial statements are on pages 18 through 21 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Cape Carteret, 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 Town of Cape Carteret are governmental funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Town'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 Cape Carteret adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The Town of Cape Carteret currently has no proprietary funds.

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 28 through 53 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Cape Carteret's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 56 of this report.

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

Government-Wide Financial Analysis

The Town of Cape Carteret's Net Position

Figure 2

	Governmental Activities	
	2020	2019
Current and other assets	\$ 2,284,454	\$ 1,723,080
Capital assets	1,708,647	1,696,701
Deferred outflows of resources	172,864	214,768
Total assets and deferred outflows of resources	4,165,965	3,634,549
Long-term liabilities outstanding	425,454	427,856
Other liabilities	85,929	267,763
Deferred inflows of resources	105,277	39,063
Total liabilities and deferred inflows of resources	616,660	734,682
Net position:		
Net investment in capital assets	1,681,989	1,696,701
Restricted	262,017	291,034
Unrestricted	1,605,299	912,132
Total net position	\$ 3,549,305	\$ 2,899,867

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 Cape Carteret exceeded liabilities and deferred inflows by \$3,549,305 as of June 30, 2020. The Town's net position increased by \$649,438 for the fiscal year ended June 30, 2020. However, the largest portion (47.39%) 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 Cape Carteret uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Cape Carteret's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Cape Carteret's net position \$262,017 represents sources that are subject to external restrictions on how they may be used. The remaining balance of \$1,605,299 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.04%

The Town of Cape Carteret's Changes in Net Position
Figure 3

	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 88,695	\$ 82,210
Operating grants and contributions	541,919	1,152,528
Capital grants and contributions	137,940	-
General Revenues		
Property taxes	870,076	912,498
Other taxes	669,306	609,215
Investment earnings	16,119	2,558
Miscellaneous	43,560	250,003
Total revenues	2,367,615	3,009,012
Expenses:		
General Government	416,829	400,389
Public Safety	634,780	571,682
Public Works	233,538	220,783
Public Buildings and Grounds	78,719	69,652
Streets	115,650	247,266
Environmental Protection	192,763	1,052,061
Parks and Recreation	45,898	60,744
Total expenses	1,718,177	2,622,577
Increase(Decrease) in net position before transfers	649,438	386,435
Transfers	-	-
Change in net position	649,438	386,435
Net Position, beginning	2,899,867	2,513,432
Net position, June 30	\$ 3,549,305	\$ 2,899,867

Governmental activities. Governmental activities increased the Town's net position by \$649,438. Key element of this increase is as follows:

- Decrease in overall expenditures.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Cape Carteret. At the end of the current fiscal year, Town of Cape Carteret's fund balance available in the General Fund was \$1,915,782, while total fund balance reached \$2,103,724. The Town currently has an available fund balance of 115.34 percent of total General Fund expenditures, while total fund balance represents 126.66 percent of the same amount.

At June 30, 2020, the governmental funds of Town of Cape Carteret reported a combined fund balance of \$2,162,185, with a net increase in fund balance of \$738,861. Included in this change in fund balance are an increase in fund balance in the General Fund.

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 the Town received more intergovernmental funds than were anticipated. Overall, expenditures were less than budgeted amounts.

Capital Asset and Debt Administration

Capital assets. The Town of Cape Carteret's investment in capital assets for its governmental activities as of June 30, 2020, totals \$1,708,647 (net of accumulated depreciation). These assets include buildings, land, vehicles, infrastructure, and equipment.

Major capital asset transactions during the year include the following:

- Vehicles purchased in the amount of \$70,790
- A tractor and water pumps in the amount of \$42,394

The Town of Cape Carteret's Capital Assets
(Net of depreciation)

Figure 4

	Governmental Activities	
	2020	2019
Land	\$ 447,282	\$ 447,282
Construction in Progress	-	-
Buildings	348,159	365,320
Vehicles and Equipment	177,188	123,314
Infrastructure	736,018	760,785
Total	\$ 1,708,647	\$ 1,696,701

Additional information on the Town's capital assets can be found on page 37 in the Notes to the Financial Statements.

Long-term Debt. As of June 30, 2020, the Town of Cape Carteret had total debt outstanding of \$431,473. Of this, \$-0- is debt backed by the full faith and credit of the Town of Cape Carteret.

Town of Cape Carteret's Outstanding Debt

	Governmental Activities	
	2020	2019
Installment Purchases	\$ 26,658	\$ -
Compensated Absences	40,218	39,259
Net Pension Liability (LGERS)	293,847	268,549
Total Pension Liability (LEO)	70,750	120,048
Total	\$ 431,473	\$ 427,856

The Town of Cape Carteret's total debt increased by \$3,617 during the fiscal year, primarily due to an increase in the Net Pension Liability and the Installment Purchase.

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 Town of Cape Carteret is \$34,256,457.

Additional information regarding the Town of Cape Carteret's long-term debt can be found beginning on page 51 in the Notes to the Financial Statements.

Budget Highlights for the Fiscal Year Ending June 30, 2021

The budget for the fiscal year 2020-2021 was prepared after careful consideration and several budget meetings.

Governmental Activities. Total proposed revenues are estimated to be \$1,632,803 while budgeted expenses are \$1,632,803. The Board of Commissioners used conservative estimates in anticipating revenues and expenditures. The budget does not include a property tax increase, keeping the property tax rate \$0.2125 per \$100 valuation.

Requests for Information

This report is designed to provide an overview of the Town 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 following:

**Sandra Favreau
Finance Officer
Town of Cape Carteret
102 Dolphin Street
Cape Carteret, North Carolina 28584
(252) 393-8483**

Basic Financial Statements

TOWN OF CAPE CARTERET, NORTH CAROLINA

Statement of Net Position

June 30, 2020

	Primary Government	
	Governmental	
	Activities	Total
<hr/>		
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,997,443	\$ 1,997,443
Receivables (net):		
Ad Valorem Taxes	16,094	16,094
Interest	1,525	1,525
Due from Other Governments	180,567	180,567
Prepaid Expenses	7,375	7,375
Restricted Cash and Cash Equivalents	81,450	81,450
	<hr/>	<hr/>
Total Current Assets	2,284,454	2,284,454
	<hr/>	<hr/>
Noncurrent Assets:		
Capital Assets		
Land, Nondepreciable Improvements, and Construction in Progress	447,282	447,282
Other Capital Assets, Net of Depreciation	1,261,365	1,261,365
	<hr/>	<hr/>
Total Noncurrent Assets	1,708,647	1,708,647
	<hr/>	<hr/>
Total Assets	3,993,101	3,993,101
	<hr/>	<hr/>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Deferrals	172,864	172,864
	<hr/>	<hr/>
Total Deferred Outflows of Resources	\$ 172,864	\$ 172,864
	<hr/>	<hr/>

TOWN OF CAPE CARTERET, NORTH CAROLINA

Statement of Net Position (Continued)

June 30, 2020

	Primary Government	
	Governmental	
	Activities	Total
LIABILITIES		
Current Liabilities:		
Accounts Payable and		
Accrued Liabilities	\$ 79,910	\$ 79,910
Customer Deposits	-	-
Current Portion of Long-Term Liabilities	6,019	6,019
	<hr/>	<hr/>
Total Current Liabilities	85,929	85,929
	<hr/>	<hr/>
Long-Term Liabilities:		
Net Pension Liability	293,847	293,847
Total Pension Liability	70,750	70,750
Due in More Than One year	60,857	60,857
	<hr/>	<hr/>
Total Liabilities	511,383	511,383
	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES		
Pension Deferrals	80,537	80,537
Prepaid Boat Ramp Fees	24,740	24,740
	<hr/>	<hr/>
Total Deferred Inflows of Resources	105,277	105,277
	<hr/>	<hr/>
NET POSITION		
Net Investment in Capital Assets	1,681,989	1,681,989
Restricted for:		
Transportation	81,450	81,450
Stabilization by State Statute	180,567	180,567
Unrestricted	1,605,299	1,605,299
	<hr/>	<hr/>
Total Net Position	\$ 3,549,305	\$ 3,549,305
	<hr/>	<hr/>

TOWN OF CAPE CARTERET, NORTH CAROLINA

Statement of Activities

For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 416,829	\$ 31,200		\$ -
Public Safety	634,780	5,645	38,984	32,540
Public Works	232,604	-	-	-
Public Buildings and Grounds	78,719	-	-	-
Street Department	115,650	-	74,430	-
Environmental	192,763	-	428,505	105,400
Parks and Recreation	45,898	51,850	-	-
Interest on long-term debt	934	-	-	-
Total Governmental Activities	1,718,177	88,695	541,919	137,940
Total Primary Government	\$ 1,718,177	\$ 88,695	\$ 541,919	\$ 137,940

TOWN OF CAPE CARTERET, NORTH CAROLINA

Statement of Activities (Continued)

For the Year Ended June 30, 2020

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Functions/Programs	Governmental Activities	Totals
Primary Government:		
Governmental Activities:		
General Government	\$ (385,629)	\$ (385,629)
Public Safety	(557,611)	(557,611)
Public Works	(232,604)	(232,604)
Public Buildings and Grounds	(78,719)	(78,719)
Street Department	(41,220)	(41,220)
Environmental	341,142	341,142
Parks and Recreation	5,952	5,952
Interest on long-term debt	(934)	(934)
Total Governmental Activities	(949,623)	(949,623)
Total Primary Government	(949,623)	(949,623)
General Revenues:		
Property Taxes, Levied for General Purpose	870,076	870,076
Other Taxes and Licenses	669,306	669,306
Investment Earnings	16,119	16,119
Miscellaneous	43,560	43,560
Transfers	-	-
Total General Revenues and Transfers	1,599,061	1,599,061
Change in Net Position	649,438	649,438
Net Position - Beginning	2,899,867	2,899,867
Net Position - End of Year	\$ 3,549,305	\$ 3,549,305

TOWN OF CAPE CARTERET, NORTH CAROLINA

Balance Sheet

Governmental Funds

June 30, 2020

	<div>Major Fund</div> <div>General Fund Total Non-Major Funds Total Governmental Funds</div>		
ASSETS			
Cash and Cash Equivalents	\$ 1,938,982	\$ 58,461	\$ 1,997,443
Restricted Cash	81,450	-	81,450
Receivables (net):			
Ad Valorem Taxes	16,094	-	16,094
Due from Other Governments	180,567	-	180,567
Prepaid Expenses	7,375	-	7,375
Total Assets	2,224,468	58,461	2,282,929
LIABILITIES			
Accounts Payable and			
Accrued Liabilities	79,910	-	79,910
Total Liabilities	79,910	-	79,910
DEFERRED INFLOWS OF RESOURCES			
Property Taxes Receivable	16,094	-	16,094
Prepaid Boat Ramp Fees	24,740	-	24,740
Total Deferred Inflows of Resources	40,834	-	40,834
FUND BALANCES			
Nonspendable			
Prepays	7,375	-	7,375
Restricted			
Stabilization by State Statute	180,567	-	180,567
Streets	81,450	-	81,450
Committed			
Police Special Separation	93,320	-	93,320
Assigned			
Subsequent Year's Expenditures:	-	-	-
Unassigned	1,741,012	58,461	1,799,473
Total Fund Balances	2,103,724	58,461	2,162,185
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,224,468	\$ 58,461	\$ 2,282,929

TOWN OF CAPE CARTERET, NORTH CAROLINA

Balance Sheet (Continued)

Governmental Funds

June 30, 2020

		Total Governmental Funds
<hr/>		
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total Governmental Fund Balance		\$ 2,162,185
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	\$ 2,807,283	
Accumulated depreciation	<u>(1,098,636)</u>	1,708,647
Deferred outflows of resources related to pensions are not reported in the funds	<u>172,864</u>	172,864
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred		
Accrued interest - taxes	<u>1,525</u>	1,525
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Ad valorem taxes	<u>16,094</u>	16,094
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment purchases	(26,658)	
Compensated absences	(40,218)	
Total pension liability	(70,750)	
Net pension liability	<u>(293,847)</u>	(431,473)
Deferred inflows of resources related to pensions are not reported in the funds		<u>(80,537)</u>
Net position of governmental activities		<u><u>\$ 3,549,305</u></u>

TOWN OF CAPE CARTERET, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2020

	Major Fund		Total	Total
	General Fund	Non-Major Funds	Governmental Funds	
Revenues				
Ad Valorem Taxes	\$ 870,865	\$ -	\$ 870,865	
Other Taxes and Licenses	180	-	180	
Unrestricted Intergovernmental	669,126	-	669,126	
Restricted Intergovernmental	679,859	-	679,859	
Permits and Fees	88,695	-	88,695	
Investment Earnings	16,111	8	16,119	
Miscellaneous	36,777	3,283	40,060	
Total Revenues	2,361,613	3,291	2,364,904	
Expenditures				
Current				
General Government	378,246	-	378,246	
Public Safety	557,698	-	557,698	
Public Works	184,236	-	184,236	
Public Buildings and Grounds	78,719	-	78,719	
Street Department	115,650	-	115,650	
Environmental Protection	192,763	-	192,763	
Parks and Recreation	34,685	86	34,771	
Debt Service				
Principal	4,842	-	4,842	
Interest and Other charges	934	-	934	
Capital Outlay				
General Government	38,059	-	38,059	
Public Works	75,125	-	75,125	
Parks and Recreation	-	-	-	
Total Expenditures	1,660,957	86	1,661,043	
Excess (Deficiency) of Revenues Over Expenditures	700,656	3,205	703,861	
Other Financing Sources (Uses)				
Transfers from Other Funds	-	-	-	
Transfers to Other Funds	-	-	-	
Installment Purchase Obligations Issued	31,500	-	31,500	
Sale of Capital Assets	3,500	-	3,500	
Total Other Financing Sources (Uses)	35,000	-	35,000	
Net Change in Fund Balance	735,656	3,205	738,861	
Fund Balance - Beginning of Year	1,368,068	55,256	1,423,324	
Fund Balance - End of Year	\$ 2,103,724	\$ 58,461	\$ 2,162,185	

TOWN OF CAPE CARTERET, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Governmental Funds

For the Year Ended June 30, 2020

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

Net changes in fund balances - total governmental funds		\$ 738,861
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay expenditures which were capitalized	113,184	
Depreciation expense	<u>(101,238)</u>	11,946
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		54,358
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Change in unavailable revenue for tax revenues	(1,126)	
Interest earned on ad valorem taxes	<u>337</u>	(789)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Debt issuance	(31,500)	
Debt retirement	<u>4,842</u>	(26,658)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Pension Expense	(127,321)	
Compensated absences	<u>(959)</u>	(128,280)
Total changes in net position of governmental activities		<u>\$ 649,438</u>



TOWN OF CAPE CARTERET, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2020

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Ad Valorem Taxes	\$ 853,285	\$ 853,285	\$ 870,865	\$ 17,580
Other Taxes and Licenses	-	-	180	180
Unrestricted Intergovernmental	447,600	447,600	669,126	221,526
Restricted Intergovernmental	109,255	205,157	679,859	474,702
Permits and Fees	94,300	94,300	88,695	(5,605)
Investment Earnings	1,800	1,800	16,111	14,311
Miscellaneous	12,279	26,163	36,777	10,614
Total Revenues	1,518,519	1,628,305	2,361,613	733,308
Expenditures				
General Government	415,462	458,869	416,305	42,564
Public Safety	547,955	555,398	557,698	(2,300)
Public Works	257,562	295,508	265,137	30,371
Public Building and Grounds	122,039	123,454	78,719	44,735
Street Department	75,515	130,515	115,650	14,865
Environmental Protection	181,192	211,192	192,763	18,429
Parks and Recreation	58,661	58,661	34,685	23,976
Total Expenditures	1,658,386	1,833,597	1,660,957	172,640
Revenues Over (Under) Expenditures	(139,867)	(205,292)	700,656	905,948
Other Financing Sources (Uses)				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	-	-	-	-
Sale of Capital Assets	65,000	65,000	3,500	(61,500)
Debt Issuance	-	31,500	31,500	-
Total Other Financing Sources (Uses)	65,000	96,500	35,000	(61,500)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(74,867)	(108,792)	735,656	844,448
Appropriated Fund Balance	74,867	108,792	-	(108,792)
Net Change in Fund Balance	\$ -	\$ -	735,656	\$ 735,656
Fund Balance - Beginning of Year			1,368,068	
Fund Balance - End of Year			\$ 2,103,724	

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Cape Carteret 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 Cape Carteret is a municipal corporation that was established on June 3, 1959 and is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. A separate statement for each fund category – *governmental* – is presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as non-major 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, general governmental services, and street maintenance and construction, and sanitation services.

The Town reports the following nonmajor governmental fund:

Capital Project Fund – CC Trail. This fund is used to account for the construction of a recreation trail.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

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

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

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a 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.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)****2. Cash and Cash Equivalents**

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

3. Restricted Assets

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

Town of Cape Carteret Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ 81,450
Total Governmental Activities	81,450
Total Restricted Cash	\$ 81,450

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2019. As allowed by State Law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)****7. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Capitalization costs for the Town's assets are \$2,500. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	40
Buildings	40
Vehicles	6
Equipment and Fixtures	7
Computer Equipment	3

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2020 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meets the criterion for this category – property taxes receivable, prepaid boat ramp fees, and pension deferrals.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

9. Long-Term Obligations

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

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

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide activities, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The Town's sick leave policy provides for an unlimited accumulation of the number of days of 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 does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

Assigned Fund Balance – portion of fund balance that Town of Cape Carteret 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. Only the Board is authorized to modify appropriations at the departmental level by amending the budget. Modifications to items within departments do not require Board approval.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (Continued)

11. Net Position/Fund Balances (Continued)

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

The Town of Cape Carteret has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures. Lowering of this amount may be done by a simple majority vote but the amount may never be less than 8%.

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, 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 Cape Carteret's employer contributions are recognized when due and the Town of Cape Carteret 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 this unit's name. 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 its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or 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.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)**A. Assets (Continued)****1. Deposits (Continued)**

The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$2,078,583 and a bank balance of \$2,112,128. Of the bank balance, \$421,491 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled \$310.

2. Receivables**Allowances for Doubtful Accounts**

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

<u>Fund</u>	<u>06/30/2020</u>
General Fund:	
Taxes receivable	\$ <u>1,800</u>
Total General Fund	<u>1,800</u>
Total	\$ <u><u>1,800</u></u>

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)**A. Assets (Continued)****3. Capital Assets****Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 447,282	\$ -	\$ -	\$ 447,282
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	447,282	-	-	447,282
Capital assets being depreciated:				
Buildings and Improvements	708,541	-	-	708,541
Computer equipment	41,967	-	-	41,967
Equipment and fixtures	241,317	42,394	-	283,711
Vehicles	402,986	70,790	42,063	431,713
Infrastructure	894,069	-	-	894,069
Total capital assets being depreciated	2,288,880	113,184	42,063	2,360,001
Less accumulated depreciation for:				
Buildings and Improvements	343,221	17,161	-	360,382
Computer equipment	41,967	-	-	41,967
Equipment and fixtures	218,017	15,041	-	233,058
Vehicles	302,972	44,269	42,063	305,178
Infrastructure	133,284	24,767	-	158,051
Total accumulated depreciation	1,039,461	101,238	42,063	1,098,636
Total capital assets being depreciated, net	1,249,419			1,261,365
Governmental activity capital assets, net	\$ 1,696,701			\$ 1,708,647

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

General Government	\$ 14,800
Public Safety	40,420
Public Works	34,891
Public Property	11,127
Total	<u>\$ 101,238</u>

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Cape Carteret 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 government 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 Trustees, 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 serves 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 27699-1410, 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. 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 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 a return of the member's contributions.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Cape Carteret employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Town of Cape Carteret's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Cape Carteret were \$54,358 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 \$293,847 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 (measurement date), the Town's proportion was 0.01076%, which was a decrease of 0.00056% from its proportion measured as of June 30, 2018.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)**B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****a. Local Governmental Employees' Retirement System (Continued)**

For the year ended June 30, 2020, the Town recognized pension expense of \$133,634. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 50,314	\$ -
Changes of assumptions	47,892	-
Net difference between projected and actual earnings on pension plan investments	7,168	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	4,956	13,929
Town contributions subsequent to the measurement date	54,358	-
Total	<u>\$ 164,688</u>	<u>\$ 13,929</u>

\$54,358 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2021	\$ 51,196
2022	13,923
2023	26,474
2024	4,808
2025	-
Thereafter	-
	<u>\$ 96,401</u>

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 8.10 percent, including inflation and productivity factor
Investment Rate of Return	7.00 percent, net of pension plan investment expense, including inflation

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)**B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****a. Local Governmental Employees' Retirement System (Continued)**

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 for the period January 1, 2010 through December 31, 2014.

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

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100%	

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.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)**B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****a. Local Governmental Employees' Retirement System (Continued)**

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 liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability 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:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 672,082	\$ 293,847	\$ (20,543)

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.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Cape Carteret administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	1
Active plan members	<u>7</u>
Total	<u><u>8</u></u>

2. Summary of Significant Accounting Policies:

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2018 valuation. 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	2.5 percent
Salary Increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount Rate	3.26 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$5,267 as benefits came due for the reporting period.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)**B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****b. Law Enforcement Officers Special Separation Allowance (Continued)****4. Contributions (Continued)*****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 total pension liability of \$70,750. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$(876).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 981	\$ 61,332
Changes of assumptions	7,195	5,276
Town benefit payments and plan administrative expense subsequent to the measurement date	-	-
Total	<u>\$ 8,176</u>	<u>\$ 66,608</u>

\$0 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2021	\$ (12,483)
2022	(12,398)
2023	(13,046)
2024	(13,952)
2025	(6,553)
Thereafter	-
	<u>\$ (58,432)</u>

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)**B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)****b. Law Enforcement Officers Special Separation Allowance (Continued)****4. Contributions (Continued)*****Sensitivity of the Town's total pension liability to changes in the discount rate.***

The following presents the Town's total pension liability calculated using the discount rate of 3.26 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total Pension Liability	\$ 79,841	\$ 70,750	\$ 62,609

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	2020
Beginning balance	120,048
	\$
Service Cost	7,163
Interest on the total pension liability	4,274
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(58,671)
Changes of assumptions or other inputs	3,203
Benefit payments	(5,267)
Other changes	-
Ending balance of the total pension liability	\$ 70,750

The plan currently uses mortality tables that vary by age, 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 for the period January 1, 2010 through December 31, 2014.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)**B. Liabilities (Continued)****1. Pension Plan Obligations (Continued)*****Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions***

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 133,634	\$ (876)	\$ 132,758
Pension Liability	293,847	70,750	364,597
Proportionate share of the net pension liability	0.01076%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	50,314	981	51,295
Changes of assumptions	47,892	7,195	55,087
Net difference between projected and actual earnings on plan investments	7,168	-	7,168
Changes in proportion and differences between contributions and proportionate share of contributions	4,956	-	4,956
Benefit payments and administrative costs paid subsequent to the measurement date	54,358	-	54,358
Deferred Inflows of Resources			
Differences between expected and actual experience	-	61,332	61,332
Changes of assumptions	-	5,276	5,276
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	13,929	-	13,929

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

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. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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 Town has also elected to contribute up to 5 percent on behalf of non-law enforcement employees. All employees may make voluntary contributions to the plan. Contributions from the Town for the year ended June 30, 2020 were \$26,263, which consisted of \$14,829 for law enforcement and \$11,434 for non-law enforcement. No amounts were forfeited.

2. Other Employment Benefit

The Town has elected to provide death benefits to 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 may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)**B. Liabilities (Continued)****3. Deferred Outflows and Inflows of Resources**

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$	54,358
Benefit payments made and administrative expenses for LEOSA		-
Differences between expected and actual experience		51,295
Changes of assumptions		55,087
Net difference between projected and actual		7,168
Changes in proportion and differences between employer contributions and proportionate share of contributions		4,956
Charge on refunding		-
Total	\$	<u>172,864</u>

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid Boat Ramp Fees	\$ 24,740	\$ 24,740
Taxes Receivable (General Fund)	-	16,094
Changes in assumptions	5,276	-
Difference between expected and actual experience	61,332	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	13,929	-
Total	<u>\$ 105,277</u>	<u>\$ 40,834</u>

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

4. 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. Settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does not carry any flood insurance. Other risks are insured through commercial insurance companies.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

5. Claims, Judgements and Contingent Liabilities

At June 30, 2020, the Town did not have any litigation pending.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)**B. Liabilities (Continued)****6. Commitments**

As of June 30, 2020, the Town is obligated under the terms of a refuse contract through June 30, 2025. Costs are based on (1) number of service locations, and (2) number of containers per location. Service locations are counted by the contractor and Town once each spring. Based on the schedule below with one container per site and 1089 locations, the minimum annual cost would be \$8,647. In addition to the fixed payments as scheduled below, the contract includes extra allowance for fuel consumption by the contractor if the rate diesel exceeds \$4 per gallon per Department of Energy Lower Atlantic District.

Year End June 30	Per Container	Additional Container	Additional Container
2020	7.94	6.9	1.03
2021	7.94	6.9	1.03
2022	7.94	6.9	1.03
2023	7.94	6.9	1.03
2024	7.94	6.9	1.03
2025	7.94	6.9	1.03

7. Long-Term Obligations**a. Installment Purchase**

On August 15, 2019, the Town entered into a contract in the amount of \$31,500 to finance a 2019 Chevrolet Silverado. The vehicle is collateral for the debt while the debt is outstanding. The financing contract requires monthly payments in the amount of \$577, including interest at 3.750%. Maturity is scheduled for August 2024. The principal amount outstanding at June 30, 2020 was \$26,658.

June 30,	Governmental Activities	
	Principal	Interest
2021	\$ 6,019	\$ 910
2022	6,252	677
2023	6,494	435
2024	6,745	184
2025	1,148	6
2026-2030	-	-
Total	<u>\$ 26,658</u>	<u>\$ 2,212</u>

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

II. DETAIL NOTES ON ALL FUNDS (Continued)**7. Long-Term Obligations (Continued)****b. Changes in Long-Term Liabilities**

	Balance 07/01/19	Increases	Decreases	Balance 06/30/20	Current Portion of Balance
Governmental activities:					
Installment Purchase	\$ -	\$ 31,500	\$ 4,842	\$ 26,658	\$ 6,019
Compensated absences	39,259	959	-	40,218	-
Net pension liability (LGERS)	268,549	25,298	-	293,847	-
Total pension liability (LEO)	120,048	-	49,298	70,750	-
Governmental activity long-term liabilities	<u>\$ 427,856</u>	<u>\$ 57,757</u>	<u>\$ 54,140</u>	<u>\$ 431,473</u>	<u>\$ 6,019</u>

C. Net Investment in Capital Assets

	Governmental
Capital Assets	<u>\$ 1,708,647</u>
less: long-term debt	26,658
Add: unexpended debt proceeds	-
Net Investment in Capital Assets	<u>\$ 1,681,989</u>

D. Fund Balance

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

<i>Total fund balance – General Fund</i>	\$ 2,103,724
Less:	
Stabilization by State Statute	180,567
Streets	81,450
Police Special Separation	93,320
Prepays	7,375
Appropriated Fund Balance in 2020-2021 budget	-
Remaining Fund Balance	<u>\$ 1,741,012</u>

The Town has adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures. Lowering of this amount may be done by a simple majority vote but the amount may never be less than 8%.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Notes to the Financial Statements (Continued)

For the Year Ended June 30, 2020

III. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

IV. JOINT VENTURES

The Town is a member of the Western Carteret Interlocal Agency, an entity formed to provide services or personnel for fire, emergency medical, police services and such other services as the Member Agencies (participating municipalities) may request. The purpose of this effort is to maximize the efficiency and effectiveness of these services while providing operational cost savings to the Member Agencies. The allocation of financial participation between Member Agencies is based upon an ad valorem basis for each of the services in which a Member Agency participates and is paid for by ad valorem taxes for the district by the Agency.

V. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 8, 2021, which is the date the financial statements were available to be issued.

VI. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2020, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for planning and inspections by \$5,989. This over-expenditure occurred because of unbudgeted expenditures. Management and the Board will more closely review the budget expenditure reports to ensure compliance in the future.



Required Supplementary

Financial Data

TOWN OF CAPE CARTERET, NORTH CAROLINA
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
Cape Carteret's proportion of the net pension liability (asset) (%)	0.01076%	0.01132%	0.00967%	0.00976%	0.00900%	0.00700%	0.00700%
Cape Carteret's proportion of the net pension liability (asset) (\$)	\$ 293,847	\$ 268,549	\$ 147,731	\$ 207,141	\$ 40,391	\$ (41,164)	\$ 84,377
Cape Carteret's covered-employee payroll	\$ 573,744	\$ 621,357	\$ 572,262	\$ 583,086	\$ 530,130	\$ 443,473	\$ 439,785
Cape Carteret's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	51.22%	43.22%	25.82%	35.52%	7.62%	(9.28%)	19.19%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

*The amounts 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 CAPE CARTERET, NORTH CAROLINA

Town of Cape Carteret's Contributions

Required Supplementary Information

Last Seven Fiscal Years

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 54,358	\$ 46,711	\$ 47,981	\$ 44,356	\$ 41,567	\$ 38,427	\$ 31,856
Contributions in relation to the contractually required contribution	54,358	46,711	47,981	44,356	41,567	38,427	31,856
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cape Carteret's covered employee payroll	\$ 580,905	\$ 573,744	\$ 621,357	\$ 572,262	\$ 583,086	\$ 530,130	\$ 443,473
Contributions as a percentage of covered-employee payroll	9.36%	8.14%	7.72%	7.75%	7.13%	7.25%	7.18%

TOWN OF CAPE CARTERET, NORTH CAROLINA

Schedule of Changes in Total Pension Liability

June 30, 2020

Law Enforcement Officers' Special Separation Allowance

	2020	2019	2018	2017
Beginning balance	\$ 120,048	\$ 140,580	\$ 124,502	\$ 123,156
Service cost	7,163	9,580	7,578	8,396
Interest on the total pension liability	4,274	4,311	4,646	4,249
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(58,671)	(19,597)	2,151	-
Changes of assumptions or other inputs	3,203	(6,527)	10,002	(2,999)
Benefit payments	(5,267)	(8,299)	(8,299)	(8,300)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 70,750</u>	<u>\$ 120,048</u>	<u>\$ 140,580</u>	<u>\$ 124,502</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

TOWN OF CAPE CARTERET, NORTH CAROLINA

Schedule of Total Pension Liability as a Percentage of Covered Payroll

June 30, 2020

Law Enforcement Officers' Special Separation Allowance

	2020	2019	2018	2017
Total pension liability	\$ 70,750	\$ 120,048	\$ 140,580	\$ 124,502
Covered payroll	321,509	359,019	355,942	349,417
Total pension liability as a percentage of covered payroll	22.01%	33.44%	39.50%	35.63%

Notes to the schedules:

The Town of Cape Carteret has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.



Major Governmental Funds

General Fund

TOWN OF CAPE CARTERET, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual

For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad Valorem Taxes			
Taxes		\$ 859,573	
Penalties and Interest		11,292	
Total Ad Valorem Taxes	\$ 853,285	870,865	\$ 17,580
Other Taxes and Licenses			
Privilege Licenses		180	
Total Other Taxes and Licenses	-	180	180
Unrestricted Intergovernmental			
Local Option Sales Tax		407,890	
Utility Sales Tax		141,568	
Video Franchise Tax		5,873	
ABC Profit Distribution		103,581	
Beer and Wine Tax		9,492	
Court Fees		722	
Total Unrestricted Intergovernmental	447,600	669,126	221,526
Restricted Intergovernmental			
Powell Bill Allocation		74,430	
Federal and State Grants		570,420	
SRO Grant		33,333	
Solid Waste Disposal Tax		1,676	
Total Restricted Intergovernmental	205,157	679,859	474,702
Permits and Fees			
Boat Ramp Permits		48,550	
Building and Zoning Permits		5,645	
Golf Cart Fees		3,300	
Rental Income		31,200	
Community Market Fees		-	
Total Permits and Fees	94,300	88,695	(5,605)
Investment Earnings			
General		16,111	
Total Investment Earnings	1,800	16,111	14,311
Miscellaneous			
Other		36,777	
Total Miscellaneous	26,163	36,777	10,614
Total Revenues	1,628,305	2,361,613	733,308

TOWN OF CAPE CARTERET, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
General Government			
Governing Body			
Salaries and Employee Benefits		8,378	
Other Expenditures		52,880	
Total Governing Body	78,541	61,258	17,283
Administration			
Salaries and Employee Benefits		257,973	
Other Expenditures		59,015	
Capital Outlay		38,059	
Total Administration	380,328	355,047	25,281
Total General Government	458,869	416,305	42,564
Public Safety			
Police Department			
Salaries and Employee Benefits		454,621	
Other Expenditures		84,300	
Capital Outlay		-	
Total Police	542,610	538,921	3,689
Planning and Inspections			
Salaries and Employee Benefits		17,948	
Other Expenditures		829	
Total Planning and Zoning	12,788	18,777	(5,989)
Total Public Safety	555,398	557,698	(2,300)
Public Works			
Salaries and Employee Benefits		155,825	
Other Expenditures		28,411	
Capital Outlay		75,125	
Debt Service - Principal		4,842	
Debt Service - Interest		934	
Total Public Works	295,508	265,137	30,371
Public Buildings and Grounds			
Salaries and Employee Benefits		-	
Other Expenditures		78,719	
Total Public Buildings and Grounds	123,454	78,719	44,735
Streets			
Other Expenditures		115,650	
Total Streets	130,515	115,650	14,865

TOWN OF CAPE CARTERET, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Environmental			
Other Expenditures		192,763	
Total Environmental	211,192	192,763	18,429
Parks and Recreation			
Salaries and Employee Benefits		-	
Other Expenditures		34,685	
Capital Outlay		-	
Total Parks and Recreation	58,661	34,685	23,976
Total Expenditures	1,833,597	1,660,957	172,640
Excess (Deficiency) of Revenues Over (Under) Expenditures	(205,292)	700,656	905,948
Other Financing Sources (Uses)			
Transfers In:			
Capital Project Fund	-	-	-
Transfers Out:			
Capital Project Fund	-	-	-
Loan Proceeds	31,500	31,500	-
Sale of Capital Assets	65,000	3,500	(61,500)
Total Other Financing Sources (Uses)	96,500	35,000	(61,500)
Fund Balance Appropriated	108,792	-	(108,792)
Net Change in Fund Balance	<u>\$ -</u>	735,656	<u>\$ 735,656</u>
Fund Balance - Beginning of Year		<u>1,368,068</u>	
Fund Balance - End of Year		<u>\$ 2,103,724</u>	

Nonmajor Governmental Funds

Capital Project Fund

TOWN OF CAPE CARTERET, NORTH CAROLINA

Capital Project Fund - CC Trail

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Actual</u>		<u>Totals to Date</u>		<u>Variance Positive (Negative)</u>
	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>		
Revenues					
Donations	\$ 25,463	\$ 220,242	\$ 3,283	\$ 223,525	\$ 198,062
Investment Earnings	-	-	8	8	8
Total Revenues	<u>25,463</u>	<u>220,242</u>	<u>3,291</u>	<u>223,533</u>	<u>198,070</u>
Expenditures					
Engineering	35,933	55,759	-	55,759	(19,826)
Surveying	25,482	19,682	-	19,682	5,800
Construction	89,048	214,545	-	214,545	(125,497)
Other Operating	-	-	86	86	(86)
Total Expenditures	<u>150,463</u>	<u>289,986</u>	<u>86</u>	<u>290,072</u>	<u>(139,609)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(125,000)</u>	<u>(69,744)</u>	<u>3,205</u>	<u>(66,539)</u>	<u>58,461</u>
Other Financing Sources (Uses)					
Transfers in:					
General Fund	125,000	125,000	-	125,000	-
Total Other Financing Sources (Uses)	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 55,256</u>	<u>3,205</u>	<u>\$ 58,461</u>	<u>\$ 58,461</u>
Fund Balance - Beginning			<u>55,256</u>		
Fund Balance - Ending			<u>\$ 58,461</u>		

Other Schedules

TOWN OF CAPE CARTERET, NORTH CAROLINA

General Fund

Schedule of Ad Valorem Taxes Receivable

June 30, 2020

Fiscal Year	Uncollected Balance 7-1-19	Additions and Adjustments	Collections and Credits	Uncollected Balance 6-30-20
2019-20	\$ -	\$ 910,671	\$ 901,968	\$ 8,703
2018-19	9,829	-	6,699	3,130
2017-18	3,296	-	1,653	1,643
2016-17	2,685	-	831	1,854
2015-16	1,271	825	747	1,349
2014-15	843		540	303
2013-14	389	-	284	105
2012-13	473	-	-	473
2011-12	334	-	-	334
2010-11	-	-	-	-
2009-10	-	-	-	-
	<u>\$ 19,120</u>	<u>\$ 911,496</u>	<u>\$ 912,722</u>	<u>17,894</u>

Less: Allowance for Uncollectible Accounts:

General Fund

1,800

Ad Valorem Taxes Receivable - Net

\$ 16,094Reconcilement with Revenues

Ad Valorem Taxes - General Fund

870,865

Reconciling Items:

Interest and Penalties Collected

(11,292)

Taxes Released

53,149

Taxes Written Off

-

Total Collections and Credits

\$ 912,722

TOWN OF CAPE CARTERET, NORTH CAROLINA

Analysis of Current Tax Levy

Town-Wide Levy

June 30, 2020

	Town-Wide			Total Levy	
	Property Valuation	Rate Per \$100	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at					
Current Year's Rate	\$ 435,582,311	0.2125	\$ 925,612	\$ 852,570	\$ 73,042
Penalties	-		734	734	-
	<u>435,582,311</u>		<u>926,346</u>	<u>853,304</u>	<u>73,042</u>
Discoveries:					
Current Year Taxes	-	0.2125	-	-	-
Penalties	-		-	-	-
	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Abatements:					
Property Taxes -					
Current Year's Rate	(7,376,598)	0.2125	\$ (15,675)	(15,675)	-
	<u>(7,376,598)</u>		<u>\$ (15,675)</u>	<u>(15,675)</u>	<u>-</u>
Total Property Valuations	<u><u>\$ 428,205,713</u></u>				
Net Levy			910,671	837,629	73,042
Uncollected Taxes at June 30, 2020			8,703	8,703	-
Current Year's Taxes Collected			<u>\$ 901,968</u>	<u>\$ 828,926</u>	<u>\$ 73,042</u>
Current Levy Collection Percentage			<u>99.04%</u>	<u>98.96%</u>	<u>100.00%</u>



COMPLIANCE SECTION

**Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based
On An Audit Of Financial Statements Performed In Accordance With
*Government Auditing Standards***

Independent Auditor's Report

To the Honorable Mayor
And Members of Board of Commissioners
Town of Cape Carteret, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Cape Carteret, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Town of Cape Carteret's basic financial statements, and have issued our report thereon dated January 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Cape Carteret, North Carolina's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Cape Carteret, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Cape Carteret, North Carolina's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. [2020-01]

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Cape Carteret, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item [2020-01].

Town of Cape Carteret's Response to Finding

The Town of Cape Carteret's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

W Greene PLLC

Whiteville, North Carolina
January 8, 2021

TOWN OF CAPE CARTERET, NORTH CAROLINA

Schedule of Findings and Responses

For the Fiscal Year Ended June 30, 2020

SECTION I. SUMMARY OF AUDITOR'S RESULTS
--

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ Yes ☒ No

Significant deficiency(s)

☒ Yes ☐ None Reported

Noncompliance material to financial statements noted?

☒ Yes ☐ No

TOWN OF CAPE CARTERET, NORTH CAROLINA

Schedule of Findings and Responses (Continued)

For the Fiscal Year Ended June 30, 2020

SECTION II. FINANCIAL STATEMENT FINDINGS

Finding: 2020-01

MATERIAL NONCOMPLIANCE/SIGNIFICANT DEFICIENCY

Criteria: G.S. 159-28(a) states that no obligation may be incurred in a function accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current year the sums obligated by the transaction for the current year.

Condition: Town of Cape Carteret expended \$5,989 more for planning and inspections than appropriated in the annual budget ordinance.

Effect: Moneys were spent that had not been obligated and approved.

Cause: Expenditures were made in planning and inspections that had not budgeted for in the budget ordinance and a budget amendment was not adopted.

Recommendation: Before an obligation is to incur that will exceed the amount that was previously approved in the budget ordinance, an amendment to the budget should be adopted.

Views of Responsible Officials and Planned Corrective Actions:

The Town agrees with this finding. Budget amendments will be adopted prior to making expenditures that exceed budgeted amounts. Please see corrective action plan.

Mayor William Baker
Commissioner Steve Martin
Commissioner Mike King
Commissioner Jim Nalitz



Mayor Pro-tem Don Miller
Commissioner Jeff Waters
Town Manager Zachary Steffey
Town Attorney Brett DeSelms

102 Dolphin Street
Cape Carteret, NC 28584

Corrective Action Plan
For the Fiscal Year Ended June 30, 2020

SECTION II. FINANCIAL STATEMENT FINDINGS

Finding 2020-01

Name of Contact Person:
Sandra Favreau, Finance Officer

Corrective Action:
The Town will review budget versus actual reports to ensure that
budget amendments are adopted prior to the end of the year.

Proposed Completion Date:
Immediately

TOWN OF CAPE CARTERET, NORTH CAROLINA

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2020

None Reported.

