

**TOWN OF CEDAR POINT,
NORTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

MAYOR

Scott Hatsell

COMMISSIONERS

Pam Castellano

Frankie Winberry

John Nash

Gary Bray

TOWN ADMINISTRATOR/FINANCE OFFICER

David M. Rief

Town of Cedar Point, North Carolina
Table of Contents
June 30, 2020

<u>Exhibit</u>		<u>Page(s)</u>
	Financial Section:	
	Independent Auditor's Report	1 - 3
	Management's Discussion and Analysis	4 - 13
	Basic Financial Statements:	
	Government-wide Financial Statements:	
1	Statement of Net Position	14
2	Statement of Activities	15
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	16
3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	
4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
4	Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
5	Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual - General Fund	19
	Notes to the Financial Statements	20 - 33
	Required Supplemental Financial Data:	
	Schedule of the Proportionate Share of the Net Pension Liability – Local Government Employees' Retirement System	34
	Schedule of Contributions – Local Government Employees' Retirement System	35
	Individual Fund Statements and Schedules:	
	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	36 - 39
	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Park Acquisition Project	40
	Other Schedules:	
	Schedule of Ad Valorem Taxes Receivable	41
	Schedule of Current Year Tax Levy - Town - Wide Levy	42
	Compliance:	
	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>	43 - 44
	Schedule of Findings and Responses	45 - 46
	Corrective Action Plan	47

FINANCIAL SECTION



Thompson, Price, Scott, Adams & Co., P.A.
4024 Oleander Drive Suite 3
Wilmington, North Carolina 28403
Telephone (910) 791-4872
Fax (910) 395-4872

Independent Auditor's Report

To the Honorable Mayor
and Members of the Board of Commissioners
Cedar Point, 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 Cedar Point, 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 statement 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 Cedar Point, North Carolina, as of June 30, 2020 and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions 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 basis 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 Cedar Point, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or 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 combining and 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 November 30, 2020 on our consideration of the Town of Cedar Point'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 Cedar Point's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

November 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Cedar Point (the "Town"), we offer readers of the Town of Cedar Point's financial statements this narrative overview and analysis of the financial activities of the Town of Cedar Point 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

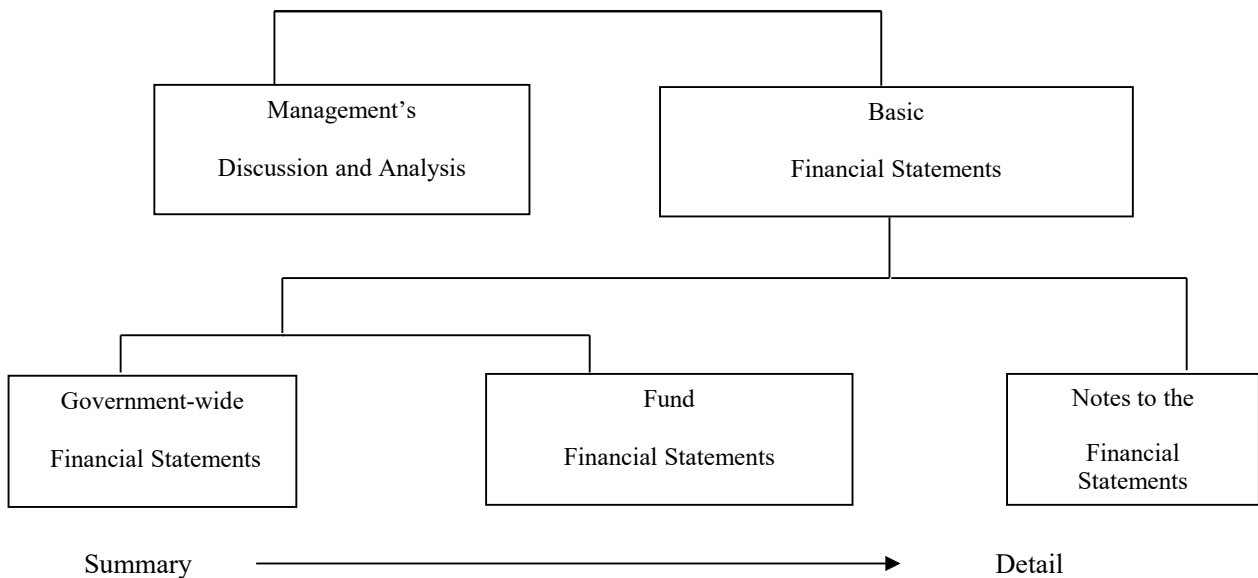
- The assets and deferred outflows of resources of the Town of Cedar Point exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,924,792 (net position).
- The government's total net position increased by \$111,709 due to an increase in the governmental type activities.
- As of the close of the current fiscal year, the Town of Cedar Point's general fund reported an ending fund balance of \$862,792. Approximately 78% of this total amount, or \$674,906 is available for spending at the government's discretion.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Town of Cedar Point'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 Cedar Point.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show additional details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes can also 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 and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include water and sewer services offered by the Town of Cedar Point.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The Fund Financial Statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Cedar Point, 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 North Carolina General Statutes or the Town's budget ordinance. All of the funds of the Town of Cedar Point can be divided into one category: governmental funds.

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

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 follow Exhibit 5 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 Cedar Point’s progress in funding its obligation to provide pension benefits to its employees.

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.

Government-Wide Financial Analysis

The Town of Cedar Point's Net Assets
Figure 2

	Governmental Activities		Total	
	2019	2020	2019	2020
Current and other assets	\$ 899,152	\$ 913,330	\$ 899,152	\$ 913,330
Capital assets	3,210,837	3,201,071	3,210,837	3,201,071
Total assets	4,109,989	4,114,401	4,109,989	4,114,401
Deferred outflows of resources	45,325	42,995	45,325	42,995
Long-term liabilities outstanding	2,197,877	2,093,955	2,197,877	2,093,955
Other liabilities	142,689	137,847	142,689	137,847
Total liabilities	2,340,566	2,231,802	2,340,566	2,231,802
Deferred inflows of resources	1,665	802	1,665	802
Net assets:				
Net Investment in Capital Assets	960,837	1,063,571	960,837	1,063,571
Restricted	442,589	187,886	442,589	187,886
Unrestricted	409,657	673,335	409,657	673,335
Total net position	\$ 1,813,083	\$ 1,924,792	1,813,083	\$ 1,924,792

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 Cedar Point exceeded liabilities and deferred inflows by \$1,924,792 as of June 30, 2020. The Town's net position increased by \$111,709 for the fiscal year ended June 30, 2020. However, the largest portion (\$1,063,571) reflects the Town's net investments 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 Cedar Point uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Cedar Point'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 Cedar Point's net position of \$187,886 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$673,335 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 97.08%.

**Town of Cedar Point
Changes in Net Assets
Figure 3**

	Governmental Activities	
	2019	2020
Revenues:		
Program Revenues		
Charges for Services	\$ 133,290	\$ 144,440
Operating grants	36,040	36,293
Capital grants and contributions	524,752	91,584
General revenues:		
Property taxes	253,153	365,223
Other taxes	223,618	234,557
Grants and contributions not restricted to specific programs	-	-
Other	16,194	19,713
Total revenues	1,187,047	891,810
Expenses:		
Administration	318,389	331,219
Public Works/Transportation	533,766	160,643
Public Safety	64,688	65,140
Economic & Physical Development	10,000	-
Environmental Protection	126,837	139,898
Recreational	6,374	5,530
Interest on long-term debt	-	77,671
Total expenses	1,060,054	780,101
 Increase (decrease) in net assets before transfers	 126,993	 111,709
 Increase (decrease) in net assets	 126,993	 111,709
Net position, July 1	1,686,090	1,813,083
Net position, June 30	<u>\$ 1,813,083</u>	<u>\$ 1,924,792</u>

Governmental activities: Governmental activities increased the Town's net position by \$111,709 thereby accounting for 100% of the total increase in the net position of the Town of Cedar Point. Key element of this increase is as follows:

- Increase in property taxes.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of Town of Cedar Point. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$674,906 while total fund balance reached \$862,792. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 77% of total General Fund expenditures, while total fund balance represents 99% of that same amount.

At June 30, 2020, the governmental funds of Town of Cedar Point reported a combined fund balance of \$862,792, with a net increase in fund balance of \$17,920.

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

Capital Asset and Debt Administration

Capital assets. The Town of Cedar Point's investment in capital assets for its governmental type activities as of June 30, 2020 total \$3,201,071 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

**Town of Cedar Point's Capital Assets
(net of depreciation)**

Figure 4

	Governmental Activities	
	2019	2020
Land	\$ 3,008,141	\$ 3,008,141
Buildings and other systems	128,154	122,967
Improvements other than buildings	-	-
Machinery and equipment	203	-
Infrastructure	69,236	66,793
Vehicles and motorized equipment	5,103	3,170
Construction in progress	-	-
Total	<u>\$ 3,210,837</u>	<u>\$ 3,201,071</u>

Additional information on the Town's capital assets can be found in the notes of the Basic Financial Statements.

Long-term Debt. As of June 30, 2020 the Town of Cedar Point had a legal debt margin of \$44,826,084.

Additional information regarding the Town of Cedar Point's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town of Cedar Point:

- **PROPERTY TAX**

Property tax revenues are expected to increase approximately 50% from those collected during the 2019-2020 Fiscal Year. Property Tax, historically, is a very stable source of revenue and constitutes \$460,670.83, 47% of the total expected revenues for Fiscal Year 2020-2021.

- **GARBAGE COLLECTION FEE**

Garbage Collection Fee is the second largest source of revenue for the Town. Please keep in mind that the revenues from this fee, along with Solid Waste Disposal Tax Revenues, are used specifically for the operation of the Environmental Protection Department. Each Tax Year, residential, along with some of the multi-family structures and manufactured housing parks within the corporate limits of Cedar Point are charged a solid waste fee which is determined as part of each Fiscal Year's Operating Budget. As previously stated, this Recommended Budget includes a Solid Waste Fee of \$175 per unit constituting \$148,166.67, 15% of the total expected revenues for Fiscal Year 2020-2021.

- **SALES AND USE TAX**

The third largest source of revenue for the Town is Sales and Use Tax revenues. Sales tax is basically a tax on the retail sale or lease of tangible personal property. Use tax is an excise tax on the right to use or consume property in North Carolina or elsewhere. The Town is expecting to see a decrease in this line item due to the economic slowdown caused by the COVID-19 pandemic. With that said, the Town estimates Sales and Use Tax revenue to experience a decrease to an anticipated \$103,500, 10.58% of the total expected revenues for Fiscal Year 2020-2021.

- **ELECTRICITY SALES TAXES**

A general sales tax rate is applied to the sale of electricity in North Carolina. Forty-four percent (44%) of the proceeds from the sales tax is returned to municipalities as a revenue. The Town estimates a 1% change in this revenue item and have budgeted \$70,000 for this source. That \$70,000 will constitute 7.2% of the total expected revenues for Fiscal Year 2020-2021.

- **PIPED NATURAL GAS**

A general sales tax rate is applied to the sale of piped natural gas, and 20% of the proceeds from the sales are returned to cities and towns.

There currently are natural gas distribution lines located on the north side of NC Highway 24 (aka Cedar Point Blvd.) from the intersection of NC Highway 58 to the Bogue House Restaurant and in the Marsh Harbour, Magens Bay, and Crystal Shores Neighborhoods. We estimate receiving \$1,500, 0.2% of the total expected revenues for Fiscal Year 2020-2021, from this revenue source.

- **BEER AND WINE TAXES**

Municipalities share in the beer and wine tax revenues based on their population. This is an inconsistent source of revenue for the Town because it is often used by the State during difficult economic times. We estimate \$6,175 in revenue from this item constituting 0.6% of the total expected revenues for Fiscal Year 2020-2021.

- **TELECOMMUNICATION TAX**

The telecommunications sales tax was enacted in 2001, to replace a telephone franchise tax that was identical to the electric franchise tax. The Town has averaged approximately \$15,000 in revenue from the telecommunication tax for the past three (3) years, but has seen it decrease each year. The Town is expecting to receive \$13,000 from this revenue source, 2% of the total expected revenues for Fiscal Year 2020-2021.

- **VIDEO PROGRAMMING AND DISTRIBUTION TAX**

As of January 1, 2007, the local cable franchise system was replaced with a statewide video service franchising process and local governments no longer have the authority to assess and collect the cable franchise taxes. In lieu of the cable franchise tax revenue, all cities and counties currently receive shares of three state sales tax revenues; currently 7.23% of the net proceeds of tax collections on telecommunications services, 22.61% of the net proceeds of taxes collected on video programming services, and 37% of the net proceeds of taxes collected on direct-to-home satellite services. The Town has estimated receiving \$25,558, 2.6% of the total expected revenues for Fiscal Year 2020-2021, from this revenue source.

- **PLANNING AND ZONING FEES**

Planning and Zoning Fees are an inconsistent source of revenue for the Town due to its reliance on the economic progress of this area. The Town has seen some significant increases in the economic progress within Cedar Point and anticipate matching, if not, exceeding the Town's current fiscal year's performance in this revenue source, which is \$7,990 as of the end of April 2020. The Town estimates receiving \$10,000, 1% of the total expected revenues, for Fiscal Year 2020-2021.

- **BUILDING PERMIT FEES**

This year the Town plans on hiring a Building Inspector to conduct inspections throughout the Town. Over the last several years, construction within the Town of Cedar Point has resulted in over \$70,000 of building permit revenue annually. That revenue has gone to Carteret County in exchange for providing the Town with inspection services. Assuming inspections were conducted for a full year, we anticipate \$70,000, 7.1% of the total expected revenue, for Fiscal Year 2020-2021.

- **POWELL BILL**

Based on the latest State Budget Office estimates of highway revenues, the Town is expecting the distributed amount of Powell Bill funds to be comparable to that received in Fiscal Year 2020 and has estimated receiving \$35,000 from this revenue source, which would constitute 3.5% of the total expected revenues for Fiscal Year 2020-2021.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: There was an increase in total net position of \$111,709 and an increase in the fund balance of \$17,920. This was due in part to:

- **Revenues** remained steady.
 1. The Town collected 97.08% of its property tax.
- **Expenditures** were once again controlled through the conservative management of the Town's FY 2019-2020 operating budget.

Requests for Information

This report is designed to provide an overview of the Town of Cedar Point's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Town Administrator
David M. Rief
252-393-2753
427 Sherwood Avenue
PO Box 1687
Cedar Point, NC 28584

BASIC FINANCIAL STATEMENTS

Town of Cedar Point, North Carolina
Statement of Net Position
June 30, 2020

	<u>Primary Government Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 700,253
Restricted cash	117,146
Taxes receivables (net)	21,532
Accrued interest receivable on taxes	3,659
Accounts receivable (net)	<u>70,740</u>
Total current assets	<u>913,330</u>
Capital assets (Note 4):	
Land, non-depreciable improvements, and construction in progress	3,008,141
Other capital assets, net of depreciation	<u>192,930</u>
Total capital assets	<u>3,201,071</u>
Total assets	<u>4,114,401</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>42,995</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	25,347
Due within one year	112,500
Long-term liabilities:	
Compensated absences payable	6,417
Net pension liability	62,538
Due in more than one year	<u>2,025,000</u>
Total liabilities	<u>2,231,802</u>
DEFERRED INFLOWS OF RESOURCES	<u>802</u>
NET POSITION	
Net investment in capital assets	1,063,571
Restricted for:	
Stabilization by State Statute	70,740
Streets	117,146
Unrestricted	<u>673,335</u>
Total net position	<u>\$ 1,924,792</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental Activities:					
Administration	\$ 331,219	\$ 14,970	\$ -	\$ 91,584	\$ (224,665)
Public Works/Transportation	160,643	-	35,170	-	(125,473)
Public Safety	65,140	-	-	-	(65,140)
Environmental protection	139,898	129,470	1,123	-	(9,305)
Economic and Physical Development	-	-	-	-	-
Recreational	5,530	-	-	-	(5,530)
Interest on long-term debt	77,671				(77,671)
Total governmental activities	<u>780,101</u>	<u>144,440</u>	<u>36,293</u>	<u>91,584</u>	<u>(507,784)</u>
Total primary government	<u>\$ 780,101</u>	<u>\$ 144,440</u>	<u>\$ 36,293</u>	<u>\$ 91,584</u>	<u>\$ (507,784)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purpose					365,223
Local option sales taxes					121,961
Other taxes					112,596
Grants and contributions not restricted to specific programs					-
Unrestricted investment earnings					9,280
Miscellaneous					10,433
Transfers					-
Total general revenues and transfers					<u>619,493</u>
Change in net position					111,709
Net position, beginning, previously reported					<u>1,813,083</u>
Net position, ending					<u>\$ 1,924,792</u>

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

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

	Major Fund		Total Governmental Funds
	General	Park Acquisition Project	
ASSETS			
Cash and cash equivalents	\$ 700,253	\$ -	\$ 700,253
Restricted cash	117,146	-	117,146
Escrow Account	-	-	-
Receivables, net:			
Taxes	21,532	-	21,532
Accounts	70,740	-	70,740
Due from other funds	-	-	-
Total assets	<u>909,671</u>	<u>-</u>	<u>909,671</u>
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	25,347	-	25,347
Due to other funds	-	-	-
Total liabilities	<u>25,347</u>	<u>-</u>	<u>25,347</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	<u>21,532</u>	<u>-</u>	<u>21,532</u>
Total deferred inflows of resources	<u>21,532</u>	<u>-</u>	<u>21,532</u>
FUND BALANCES			
Restricted for:			
Stabilization by State statute	70,740	-	70,740
Streets-Powell bill	117,146	-	117,146
Economic development	-	-	-
Unassigned	<u>674,906</u>	<u>-</u>	<u>674,906</u>
Total fund balances	<u>862,792</u>	<u>-</u>	<u>862,792</u>
Total liabilities, deferred inflows of resources and fund balances	\$ <u>909,671</u>	\$ <u>-</u>	909,671

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,201,071
Deferred outflows of resources related to pensions are not reported in the funds.	42,995
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds.	3,659
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,143,917)
Deferred inflows of resources related to pensions are not reported in the funds.	(802)
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	21,532
Net pension liability.	(62,538)
Net position of governmental activities	<u>\$ 1,924,792</u>

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

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

	Major Fund		Total
	General Fund	Park Acquisition Project	Governmental Funds
REVENUES			
Ad valorem taxes	\$ 364,123	\$ -	\$ 364,123
Unrestricted intergovernmental	234,557	-	234,557
Restricted intergovernmental	127,877	-	127,877
Sales and service	144,440	-	144,440
Investment earnings	9,280	-	9,280
Private Donations	-	-	-
Miscellaneous	10,433	-	10,433
Total revenues	<u>890,710</u>	<u>-</u>	<u>890,710</u>
EXPENDITURES			
Current:			
Administration	317,479	-	317,479
Public Works/Transportation	154,572	-	154,572
Public Safety	65,140	-	65,140
Environmental protection	139,898	-	139,898
Recreational	5,530	-	5,530
Debt service:			
Principal	112,500	-	112,500
Interest and other charges	77,671	-	77,671
Total expenditures	<u>872,790</u>	<u>-</u>	<u>872,790</u>
Excess (deficiency) of revenues over expenditures	<u>17,920</u>	<u>-</u>	<u>17,920</u>
Other financing sources (uses):			
General Obligation Bond	-	-	-
Transfer in (out)	(299,559)	299,559	-
Total other financing sources (uses)	<u>(299,559)</u>	<u>299,559</u>	<u>-</u>
Net change in fund balance	(281,639)	299,559	17,920
Fund balances, beginning	1,144,431	(299,559)	844,872
Fund balances, ending	<u>\$ 862,792</u>	<u>\$ -</u>	<u>\$ 862,792</u>

(cont)

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

Town of Cedar Point, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
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	\$ 17,920
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	(9,766)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	18,010
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences	344
Pension expense	(28,399)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in unavailable revenue for tax revenues	1,251
Change in accrued interest for tax revenues	(151)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	112,500
activities	\$ <u><u>111,709</u></u>

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

Town of Cedar Point, 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			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
Revenues:				
Ad valorem taxes	\$ 337,000	\$ 337,000	\$ 364,123	\$ 27,123
Unrestricted intergovernmental	233,000	233,000	234,557	1,557
Restricted intergovernmental	36,100	36,100	127,877	91,777
Sales and service	137,350	137,350	144,440	7,090
Investment earnings	10,000	10,000	9,280	(720)
Miscellaneous	1,850	1,850	10,433	8,583
Total revenues	<u>755,300</u>	<u>755,300</u>	<u>890,710</u>	<u>135,410</u>
Expenditures:				
Current:				
Administration	352,723	352,723	317,479	35,244
Public Works/Transportation	113,194	113,194	154,572	(41,378)
Public Safety	64,783	64,783	65,140	(357)
Environmental protection	134,300	134,300	139,898	(5,598)
Recreational	20,000	20,000	5,530	14,470
Debt service:				
Principal retirement	112,500	112,500	112,500	-
Interest and other charges	37,500	76,393	77,671	(1,278)
Total expenditures	<u>835,000</u>	<u>873,893</u>	<u>872,790</u>	<u>1,103</u>
Revenues over (under) expenditures	<u>(79,700)</u>	<u>(118,593)</u>	<u>17,920</u>	<u>136,513</u>
Other financing sources (uses):				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	(299,559)	(299,559)
Sales of capital assets	-	-	-	-
Fund Balance Appropriated	<u>79,700</u>	<u>118,593</u>	<u>-</u>	<u>(118,593)</u>
Total other financing sources (uses)	<u>79,700</u>	<u>118,593</u>	<u>(299,559)</u>	<u>(418,152)</u>
Net change in Fund Balance	\$ <u>-</u>	\$ <u>-</u>	(281,639)	\$ <u>(281,639)</u>
Fund balances, beginning			1,144,431	
Fund balances, ending			\$ <u>862,792</u>	

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

NOTES TO THE FINANCIAL STATEMENTS

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

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Cedar Point, North Carolina conform to generally accepted accounting principles as applicable to governments. The Town does not have any discretely presented component units. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Cedar Point is a municipal corporation established in 1988 that is governed by an elected mayor and a four-member board of commissioners. As required by generally accepted accounting principles, these financial statements present the Town only.

B. Basis of Presentation

Government-wide Statements : The statement of net position and the statement of activities display information about the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish the *governmental type activities* of the Town. 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 specific 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. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each displayed in a separate column.

The Town reports the following major governmental funds:

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

Park Acquisitoion Project. This fund is used to account for the development of a new park for the Town.

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

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the 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 Cedar Point because the tax is levied by the county and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal-year end. The budget is prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level. The board of commissioners must approve any revisions that alter total expenditures in any department.

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 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.

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and 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 Cedar Point Restricted Cash

Governmental Activities

General Fund	Streets	\$ 117,146
Total Governmental Activities		\$ 117,146
Total Restricted Cash		\$ 117,146

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. 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. The minimum capitalization cost is \$1,500. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and drainage system assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Computer Equipment	3
Vehicles	6
Equipment	7
Furniture and Fixtures	10
Buildings	40

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, contributions made to the pension plan in the 2018 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category- property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

8. *Compensated Absences*

The vacation policy of the Town provides for the accumulation of 30 days of earned vacation leave with such leave being fully vested when earned. For the Town's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time.

The Town's sick leave policy provides for an unlimited accumulation 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 has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

9. *Net Position/Fund Balances*

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Assigned Fund Balance - portion of fund balance that the Town of Cedar Point intends to use for specific purposes.

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

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

The Town of Cedar Point has also 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 45% of budgeted expenditures.

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 (LERS) and additions to/deductions from LERS' fiduciary net position have been determined on the same basis as they are reported by LERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LERS. Investments are reported at fair value.

F. Use of Estimates

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

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

Noncompliance with budget.

2. Contractual Violations

None.

B. Deficit in Fund Balance or Net Position of Individual Funds

None.

C. 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. Management and the Board will more closely review the budget reports to ensure compliance in future years.

III. Detail Notes on All Funds**A. Assets****1. Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$305,757 and a bank balance of \$310,178. Of the bank balance, \$310,178 was fully covered by federal depository insurance, and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2020 was \$15.

At June 30, 2020, the Town had \$511,627 invested with the North Carolina Capital Management Trust's Cash Portfolio which carries a credit rating of AAA by Standard and Poor's. The town has no policy regarding credit risk.

2. Receivables - Allowances for Doubtful Accounts

Ad valorem taxes receivable and accounts receivable at the government-wide level are reported net of allowance for uncollectible accounts of \$21,532 and \$70,740 respectively.

Accounts receivable at the government-wide level consist of the following amounts that are due primarily from other governments:

Ad Valorem	\$	21,532
Trash collection fees		6,220
Utilities franchise tax		22,612
Accrued Interest		3,659
Sales and use tax refund		1,534
Local option sales tax		40,374
Total	\$	<u>95,931</u>

3. Capital Assets

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

	July 1, 2019	Additions	Retirements	June 30, 2020
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 3,008,141		\$ -	\$ 3,008,141
Total assets not being depreciated	3,008,141	-	-	3,008,141
Capital assets being depreciated:				
Computer Equipment	5,587	-	-	5,587
Furniture & fixtures	44,006	-	-	44,006
Vehicles & Equipment	97,485	-	-	97,485
Buildings	209,762	-	-	209,762
Infrastructure	97,723	-	-	97,723
Total capital assets being depreciated	454,563	-	-	454,563
Less accumulated depreciation for:				
Buildings & improvements	81,608	5,187	-	86,795
Furniture & fixtures	43,803	203	-	44,006
Vehicles & Equipments	97,969	1,933	-	99,902
Infrastructure	28,487	2,443	-	30,930
Total accumulated depreciation	251,867	9,766	-	261,633
Net capital assets being depreciated	202,696			192,930
Capital assets, net	<u>\$ 3,210,837</u>			<u>\$ 3,201,071</u>

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

Administration	\$ 6,604
Public Works	3,162
Total Depreciation Expense	<u>\$ 9,766</u>

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of 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 serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2020, was 8.95% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$18,010 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 \$62,538 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 asset 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, 2018 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 0.0023%, which was no change from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$28,399. 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	\$ 10,708	\$ -
Change in assumptions	10,193	-
Net difference between projected and actual earnings on pension plan investments	1,526	-
Changes in proportion and differences between Town's contributions and proportionate share of contributions	2,558	802
Town's contributions subsequent to the measurement date	18,010	-
Total	\$ 42,995	\$ 802

\$18,010 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2021	\$ 11,850
2022	3,613
2023	6,475
2024	2,245
2025	-
Thereafter	-
	\$ 24,183

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 position plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study 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	<u>100%</u>	

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

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

Sensitivity of the Town's proportionate share of the net pension 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)	\$143,036	\$62,538	(\$4,372)

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.

2. Deferred Outflows and Inflows of Resources

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

Source	Amount
Differences between expected and actual experience	\$ 10,708
Change in assumptions	10,193
Net difference between projected and actual earnings on pension plan investments	1,526
Changes in proportion and differences between Town's contributions and proportionate share of contributions	2,558
Town's contributions subsequent to the measurement date	18,010
Total	<u>\$ 42,995</u>

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

Pension deferrals	\$ 802
Taxes Receivable	\$ 21,532

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in 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. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town is a member of the National Flood Insurance Plan (NFIP). Because the Town is in an area of the state that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, the Town is eligible to purchase coverage of \$500,000 per structure through NFIP. The Town is also eligible to purchase commercial flood insurance for another \$1,500,000 of coverage per structure.

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 Commissioner is bonded for \$200,000, the Town Administrator is bonded for \$10,000, the Finance Technician is bonded for \$10,000, and the Town Clerk is bonded for \$10,000.

4. Claims, Judgments and Contingent Liabilities

At June 30, 2020, the Town had no claims or judgments.

5. Long-Term Obligations

a. General Obligation Indebtedness

All general obligation bonds serviced by the Town's general fund are collateralized by the full faith, credit and taxing power of the Town. Principal and interest requirements are appropriated when due.

The Town's general obligation bonds payable at June 30, 2020 are comprised of the following individual issues:

Serviced by the Town's General Fund:

\$2,250,000, General Obligation Bond, Series 2019 with quarterly installments of \$28,125 through May 1, 2039; interest at 3.45% . The balance outstanding at June 30, 2020 was \$2,137,500.

Annual debt service requirements to maturity for the Town's general obligation bonds are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2021	\$ 112,500	\$ 72,288
2022	112,500	68,407
2023	112,500	64,526
2024	112,500	60,644
2025	112,500	56,764
2026-2030	562,500	225,597
2031-2035	562,500	128,567
2036-2039	450,000	32,991
Total	\$ 2,137,500	\$ 709,784

6. Changes in Long-Term Liabilities

	Balance 07/01/19	Increases	Decreases	Balance 06/30/20	Current Portion
Governmental activities:					
Net pension liability (LGRS)	\$ 53,615	\$ 8,923	\$ -	\$ 62,538	\$ -
General obligation bonds	2,250,000	-	(112,500)	2,137,500	112,500
Compensated absences	6,762	-	(345)	6,417	-
Governmental activity long-term liabilities	\$ 2,310,377	\$ 8,923	\$ (112,845)	\$ 2,206,455	\$ 112,500

The legal debt margin of the Town of Cedar Point is \$44,826,084.

C. Interfund Balances and Transfer Activity

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

From the General Fund to the Park Acquisition Project to close out the park project. \$299,599

D. Net Investment in Capital Assets

	Governmental
Capital Assets	\$ 3,201,071
less: long term debt	2,137,500
Net investment in capital assets	<u>\$ 1,063,571</u>

E. Fund Balance

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

Total fund balance - General Fund	\$ 862,792
Less:	
Stabilization by State Statute	70,740
Streets - Powell Bill	117,146
Remaining Fund Balance	674,906

IV. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

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

Schedule of the Proportionate Share of the Net Pension
Liability – Local Government Employees’ Retirement
System

Schedule of Contributions – Local Government
Employees’ Retirement System

Town of Cedar Point's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Seven Fiscal Years *

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.0023%	0.0023%	0.0023%	0.0024%	0.0019%	0.0022%	0.0022%
Town's proportion of the net pension liability (asset) (\$)	\$ 62,538	\$ 53,615	\$ 35,444	\$ 51,362	\$ 51,362	\$ (12,858)	\$ 26,518
Town's covered-employee payroll	\$ 185,261	\$ 148,273	\$ 141,150	\$ 136,843	\$ 127,623	\$ 129,894	\$ 127,006
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.76%	36.16%	25.11%	37.53%	40.25%	(9.90%)	20.88%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%	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 Cedar Point, North Carolina
Town of Cedar Point's Contributions
Required Supplementary Information
Last Seven Fiscal Years

Local Government Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 18,010	\$ 14,351	\$ 11,120	\$ 10,233	\$ 9,127	\$ 9,023	\$ 9,183
Contributions in relation to the contractually required contribution	18,010	14,351	11,120	10,233	9,127	9,023	918
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 201,225	\$ 185,261	\$ 148,273	\$ 141,150	\$ 136,843	\$ 127,623	\$ 129,894
Contributions as a percentage of covered-employee payroll	8.95%	7.75%	7.50%	7.25%	6.67%	7.07%	7.07%

GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Town of Cedar Point, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 364,109	\$
Penalties and interest		14	
Total	<u>337,000</u>	<u>364,123</u>	<u>27,123</u>
Unrestricted intergovernmental:			
Utility sales tax		67,292	
Beer and wine tax		6,374	
Telecommunications sales tax		11,852	
Video franchise tax		24,222	
Local option sales tax		105,277	
Hold harmless		16,684	
Piped natural gas tax		1,197	
Refunds		1,659	
Total	<u>233,000</u>	<u>234,557</u>	<u>1,557</u>
Restricted intergovernmental:			
FEMA		91,584	
Solid waste disposal tax		1,123	
Powell Bill allocation		35,170	
Total	<u>36,100</u>	<u>127,877</u>	<u>91,777</u>
Sales and services:			
Planning and zoning fees		9,640	
Trash collection fees		129,470	
Itinerant merchant permit fees		5,330	
Total	<u>137,350</u>	<u>144,440</u>	<u>7,090</u>
Investment earnings	<u>10,000</u>	<u>9,280</u>	<u>(720)</u>
Miscellaneous	<u>1,850</u>	<u>10,433</u>	<u>8,583</u>
Total Revenues	<u>755,300</u>	<u>890,710</u>	<u>135,410</u>
			(cont)

Town of Cedar Point, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	2020		Variance Positive (Negative)
	Budget	Actual	
Expenditures:			
Administration:			
Salaries and benefits		229,151	
Office Expense		16,719	
Advertising		1,910	
Tax collection fees		10,220	
Vehicle expense		-	
Election expenses		3,007	
Legal and professional fees		13,451	
Miscellaneous		2,247	
Insurance		22,213	
Governing board expense		341	
Dues and subscriptions		5,365	
Telephone		3,877	
Travel and training		2,844	
Special projects		-	
Utilities		6,119	
Repairs & Maintenance		-	
Total	338,581	317,464	21,117
Planning & Zoning:			
Salaries and benefits		-	
Office Expense		-	
Planning board expense		15	
Total	14,142	15	14,127
Total general government	352,723	317,479	35,244
			(cont)

Town of Cedar Point, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	2020		Variance
	Budget	Actual	Positive (Negative)
Public Works/Transportation:			
Salaries and benefits		67,845	
Street lights		33,330	
Repairs & Maintenance		45,383	
Professional fees		3,750	
Supplies		1,463	
Vehicle expense		2,801	
Capital Outlay		-	
Total	113,194	154,572	(41,378)
Public Safety:			
Police:			
Salaries and benefits		65,140	
Total	64,783	65,140	(357)
Environmental protection:			
Solid waste collection		139,898	
Other operating expenditures		-	
Total	134,300	139,898	(5,598)
Recreation/Wellness:			
Salaries & benefits		-	
Operating expense		5,530	
Capital Outlay		-	
Total	20,000	5,530	14,470
			(cont)

Town of Cedar Point, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

		2020		Variance
		Budget	Actual	Positive (Negative)
Debt retirement:				
Principal			112,500	
Interest			77,671	
Total		188,893	190,171	(1,278)
Total Expenditures		873,893	872,790	1,103
Revenues over (under) expenditures		(118,593)	17,920	136,513
Other financing sources (uses):				
Transfer out		-	(299,559)	(299,559)
Fund Balance Appropriated		118,593	-	(118,593)
Total		118,593	(299,559)	(418,152)
Net change in fund balance	\$	<u>-</u>	(281,639)	\$ <u>(281,639)</u>
Fund balance, beginning			1,144,431	
Fund balance, ending			<u>\$ 862,792</u>	

Town of Cedar Point, North Carolina
Park Acquisition Project
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2020

	Project	Actual		Total to	Variance
	Authorization	Prior	Current	Date	Positive
		Years	Year		(Negative)
Revenues:					
Restricted Revenue	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
Local contributions	-	-	-	-	-
Investment Income	-	65	-	65	65
Private Donations	10,000	10,000	-	10,000	-
Miscellaneous	-	-	-	-	-
Total Revenues	260,000	260,065	-	260,065	65
Expenditures:					
Current:					
Economic and physical development:	-	-	-	-	-
Admin Fees	10,000	10,000	-	10,000	-
CIP - Land purchase	2,850,000	2,849,624	-	2,849,624	376
Total Expenditures	2,860,000	2,859,624	-	2,859,624	376
Revenues over expenditures	-	(2,599,559)	-	(2,599,559)	441
Other Financing Sources (Uses):					
General Obligation Bond	2,250,000	2,250,000		2,250,000	-
Transfers In (Out)	350,000	50,000	299,559	349,559	(441)
Total other financing sources	2,600,000	2,300,000	299,559	2,599,559	(441)
Revenues over expenditures and other financing sources and (uses)	\$ -	\$ (299,559)	299,559	\$ -	\$ -
Fund balances:					
Beginning of year, July 1			(299,559)		
End of year, June 30			\$ -		

OTHER SCHEDULES

This section includes additional information on property taxes, transfers, and cash and investments.

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

Town of Cedar Point, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2019</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-2020	\$	\$ 366,903	\$ (356,174)	\$ 10,729
2018-2019	7,463	-	(3,207)	4,256
2017-2018	5,095		(1,722)	3,373
2016-2017	4,110		(1,865)	2,245
2015-2016	3,035	-	(2,485)	550
2014-2015	635	-	(275)	360
2013-2014	715	-	(146)	569
2012-2013	474	-	-	474
2011-2012	166	-	-	166
2010-2011	12	-	(2)	10
	<u>\$ 21,705</u>	<u>\$ 366,903</u>	<u>\$ (365,876)</u>	<u>22,732</u>
Less - allowance for uncollectible accounts				<u>(1,200)</u>
Ad valorem taxes receivable - net				<u>\$ 21,532</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 364,123
Reconciling items:				
Discounts, Releases, Refunds				1,767
Penalties and Interest collected				<u>(14)</u>
Total collections and credits				<u>\$ 365,876</u>

Town of Cedar Point, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2020

				Total Levy	
	Town - Wide			Property excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Total Levy		
Original levy:					
Property taxed at current year's rate	\$ 587,044,800	0.0925	\$ 366,903	\$ 344,621	\$ 22,282
Penalties	-		-	-	-
Total	<u>587,044,800</u>		<u>366,903</u>	<u>344,621</u>	<u>22,282</u>
 Total property valuation	 \$ <u>587,044,800</u>				
 Net levy			366,903	344,621	22,282
 Uncollected taxes at June 30, 2020			<u>(10,729)</u>	<u>(10,729)</u>	<u>-</u>
 Current year's taxes collected			\$ <u>356,174</u>	\$ <u>333,892</u>	\$ <u>22,282</u>
 Current levy collection percentage			<u>97.08%</u>	<u>96.89%</u>	<u>100.00%</u>

COMPLIANCE SECTION



Thompson, Price, Scott, Adams & Co., P.A.
4024 Oleander Drive Suite 3
Wilmington, North Carolina 28403
Telephone (910) 791-4872
Fax (910) 395-4872

**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 the Board of Commissioners
Cedar Point, 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 accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Cedar Point, 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 Cedar Point's basic financial statements, and have issued our report thereon dated November 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Cedar Point's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Cedar Point's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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, listed as 2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Cedar Point's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, listed as 2020-001.

Town of Cedar Point's Response to Findings

The Town of Cedar Point's responses to the findings identified in our audit are 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 result 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.

Thompson, Price, Scott, Adams & Co., PA

Wilmington, North Carolina

November 30, 2020

Town Cedar Point, North Carolina
Schedule of Findings and Responses
For the Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of report auditor 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) identified? ☒yes ☐none reported

Noncompliance material to financial
statements noted? ☒yes ☐no

Town of Cedar Point, North Carolina
Schedule of Findings and Responses
For the Year Ended June 30, 2020

Section II – Financial Statement Findings

NONCOMPLIANCE/SIGNIFICANT DEFICIENCY

2020 – 001 Noncompliance with Budget

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 fiscal year the sums obligated by the transaction for the current fiscal year.

Condition: The Town expended more for the General Fund than was appropriated for in the annual budget ordinance.

Effect: Monies were spent that had not been obligated and appropriated.

Cause: The Town exceeded budget expenditures in the General Fund while budget amendments were 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 will continue to monitor the budgets on a monthly basis to ensure compliance.



Town of Cedar Point, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2020

Section II – Financial Statement Findings

NONCOMPLIANCE/SIGNIFICANT DEFICIENCIES

2020- 001 Noncompliance with Budget

Name of contact person: Scott Hatsell, Mayor

Corrective Action: The board will start evaluating this deficiency to ensure that proper budgets are completed as well as budget amendments.

Proposed Completion Date: The Board will implement the above procedure immediately.