

REVIEWED

By SLGFD at 3:13 pm, Jan 07, 2022

CITY OF BOILING SPRING LAKES, NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS

June 30, 2021

Board of Commissioners

**Jeff Winecoff, Mayor
Tom Guzulaitis, Mayor Pro Tem
Teagan Perry Hall
David Mammay
Kimberly Sherwood**

Administrative and Financial Staff

**David Andrews, City Manager
Nancy Sims, City Clerk
Suzanne Tungate, Finance Director**

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FINANCIAL SECTION

Independent Auditors' Report

To the Honorable Mayor and
Members of the Board of Commissioners
City of Boiling Spring Lakes
Boiling Spring Lakes, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Boiling Spring Lakes, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Town of Boiling Spring Lakes Board of Alcoholic Control were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Boiling Spring Lakes, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, on Exhibits A-1 through A-5, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Boiling Spring Lakes, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules, are presented for purposed of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and other schedules, are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. 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 December 16, 2021 on our consideration of City of Boiling Spring Lakes' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 City of Boiling Spring Lakes' internal control over financial reporting and compliance.


Certified Public Accountants

Southport, North Carolina
December 16, 2021

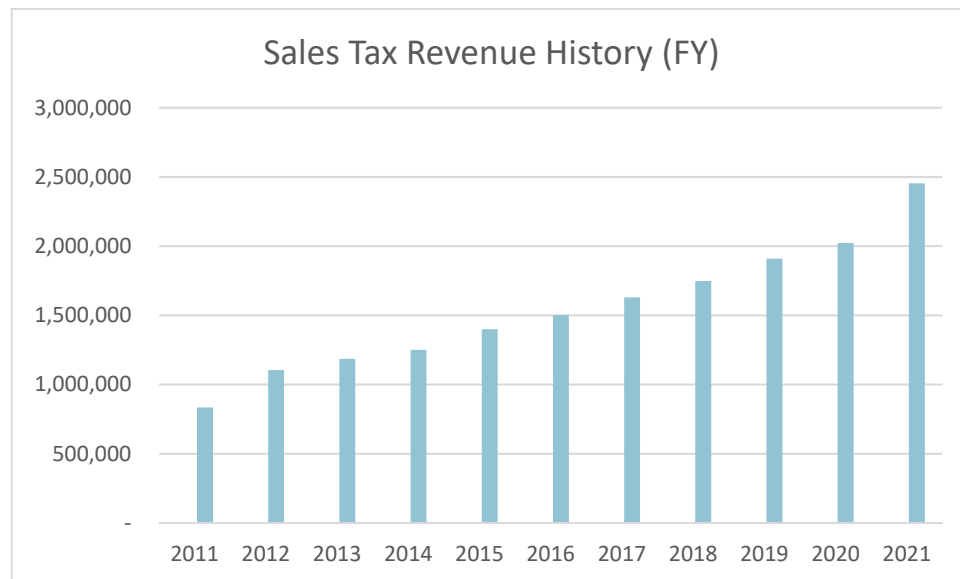
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the City of Boiling Spring Lakes, we offer readers of the City of Boiling Spring Lakes' financial statements this narrative overview and analysis of the financial activities of the City of Boiling Spring Lakes for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets of the City of Boiling Spring Lakes exceeded its liabilities at the close of the fiscal year by \$3,507,243 (net position).
- As of the close of the current fiscal year, the City of Boiling Spring Lakes' governmental funds reported combined ending fund balances of \$3,133,402, a decrease of \$767,966 for the fiscal year ending June 30, 2021.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,432,010 or 23% of the General Fund expenditures (\$6,102,094) for the fiscal year ending June 30, 2021.
- The City's total long-term debt increased by \$537,685 to \$5,364,335 as of June 30, 2021. This is primarily due to increases in pension obligations and other postemployment benefit liabilities.
- Sales tax revenues continue to increase due to improving economic conditions in Brunswick County and increasing population of the City, which is integral to the distribution method of sales tax revenue.

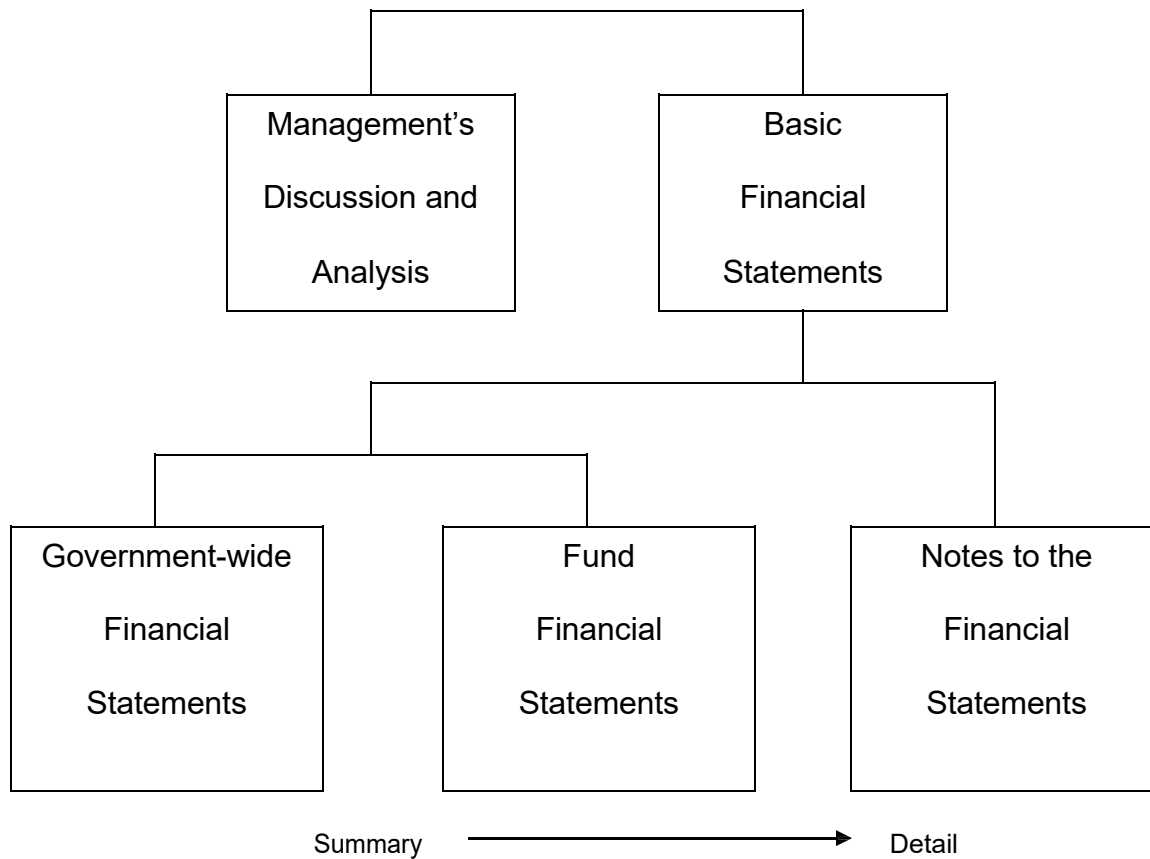


Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Boiling Spring Lakes' basic financial statements. The City'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 City 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 City of Boiling Spring Lakes.

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 City's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City'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, **Required Supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City'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 City's financial status as a whole.

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

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. State shared revenues, property taxes and state and federal grant funds finance most of these activities. At June 30, 2021, the City does not operate any business-type activities. The final category is the component unit. Although legally separate from the City, the ABC Board is important to the City because the City exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the City.

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 City'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 City of Boiling Spring Lakes, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Boiling Spring Lakes can be divided into two categories: governmental funds and proprietary 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 City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between governmental 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 City of Boiling Spring Lakes 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 City, the management of the City, and the decisions of the Board concerning which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The City does not maintain a water and sewer operation.

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.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Boiling Spring Lakes' progress in funding its obligation to provide pension benefits to its employees.

Government-Wide Financial Analysis

City of Boiling Spring Lakes' Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	3,414,187	4,223,467	-	-	3,414,187	4,223,467
Capital assets	5,193,592	4,191,660	-	-	5,193,592	4,191,660
Deferred outflow s of revenue	903,188	458,646	-	-	903,188	458,646
Total assets and deferred outflow s of resources	9,510,967	8,873,773	-	-	9,510,967	8,873,773
					-	-
Long-term liabilities outstanding	5,364,335	4,826,650	-	-	5,364,335	4,826,650
Other liabilities	225,428	258,123	-	-	225,428	258,123
Deferred inflow s of resources	413,961	431,787	-	-	413,961	431,787
Total liabilities and deferred inflow s of resources	6,003,724	5,516,560	-	-	6,003,724	5,516,560
					-	-
Net Position					-	-
Investment in capital assets	4,551,460	3,447,600	-	-	4,551,460	3,447,600
Restricted	1,583,670	2,634,995	-	-	1,583,670	2,634,995
Unrestricted	(2,627,887)	(2,725,382)	-	-	(2,627,887)	(2,725,382)
Total Net Position	3,507,243	3,357,213	-	-	3,507,243	3,357,213

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Boiling Spring Lakes exceeded liabilities by \$3,507,243 as of June 30, 2021. The City's net position increased by \$150,030 for the fiscal year ended June 30, 2021. This net increase resulted from a decrease of \$1,051,325 in restricted net assets, a decrease in unrestricted net assets of \$97,495, and an increase of \$1,103,860 invested in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Boiling Spring Lakes uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Boiling Spring Lakes' 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. Restricted net assets represent resources that are subject to external restrictions on how they may be used.

City of Boiling Spring Lakes Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for Services	493,829	272,747	-	-	493,829	272,747
Operating grants and contributions	428,140	1,276,774	-	-	428,140	1,276,774
Capital grants and contributions	690	11,788		604,685	690	616,473
General revenues			-	-	-	-
Property taxes	1,296,610	1,246,134	-	-	1,296,610	1,246,134
Other taxes	2,934,431	2,503,219	-	-	2,934,431	2,503,219
Unrestricted investment earnings	96	1,837	-	-	96	1,837
Other	126,663	117,235	-	-	126,663	117,235
Total revenues	5,280,459	5,429,734	-	604,685	5,280,459	6,034,419
Expenses						
General government	2,223,087	3,219,145	-	-	2,223,087	3,219,145
Public safety	1,729,553	1,466,966	-	-	1,729,553	1,466,966
Transportation	607,244	747,636	-	-	607,244	747,636
Health Sanitation and welfare	410	3,880	-	-	410	3,880
Culture and Recreation	454,938	655,160	-	-	454,938	655,160
Interest on long-term debt	26,711	30,504	-	-	26,711	30,504
Economic and Physical Development	88,486	150,296	-	-	88,486	150,296
Total expenses	5,130,429	6,273,587	-	-	5,130,429	6,273,587
Change in net assets before transfers	150,030	(693,557)	-	604,685	150,030	(239,168)
Transfers	-	375,000	-	(979,685)	-	(604,685)
Change in net position	150,030	(318,557)	-	(375,000)	150,030	(843,853)
Net position, beginning	3,357,213	3,826,066	-	375,000	3,357,213	4,201,066

Governmental activities: Governmental activities increased the City's net position by \$150,030. Key elements of the government activities increase are as follows:

- Increases in long-term liabilities: the City's total long-term debt increased by \$537,685. This is primarily due to increases in pension obligations and other postemployment benefit liabilities.
- Sales tax revenues continue to increase due to improving economic conditions in Brunswick County and increasing population of the City, which is integral to the distribution method of sales tax revenue.
- As new homes continue to be built in the City, property taxes revenues also increase.

Financial Analysis of the City's Funds

As noted earlier, the City of Boiling Spring Lakes uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the City of Boiling Spring Lakes' governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Boiling Spring Lakes' financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Boiling Spring Lakes. At the end of the current fiscal year, the City's unassigned fund balance available in the General Fund was \$1,325,083, while the total fund balance was \$3,133,402. The unassigned fund balance represents 22% of general fund expenditures, while total fund balance represents 51% of the same amount. At June 30, 2021, the governmental funds of City of Boiling Spring Lakes reported a combined fund balance of \$3,133,402, which is a decrease in fund balance of \$767,966 from the fiscal year ending June 30, 2020.

General Fund Budgetary Highlights. During the fiscal year, the City 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 capital lease proceeds, and 3) increases in appropriations that become necessary to maintain services.

Budget amendments were necessary because revenues were more than the budgeted amounts primarily because intergovernmental revenues were more than originally anticipated. Expenditures were increased to fund additional requirements.

Capital Asset and Debt Administration

Capital assets. The City of Boiling Spring Lakes' investment in capital assets for its governmental funds as of June 30, 2021, totals \$5,193,592 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

**City of Boiling Spring Lakes Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and improvements						
not being depreciated	256,850	256,850	-	-	256,850	256,850
Construction in Progress	1,415,598	157,877	-	-	1,415,598	157,877
Building and Other Improvements	1,966,567	2,006,553	-	-	1,966,567	2,006,553
Infrastructure	1,001,207	1,097,945	-	-	1,001,207	1,097,945
Machinery, Furniture and Fixtures	451,130	563,846	-	-	451,130	563,846
Vehicles	102,240	108,589	-	-	102,240	108,589
Total	<u>5,193,592</u>	<u>4,191,660</u>	<u>-</u>	<u>-</u>	<u>5,193,592</u>	<u>4,191,660</u>

Additional information on the City's capital assets can be found in note III, A, 4 of the Basic Financial Statements.

Long-term Debt: The City's total long-term debt increased by \$537,685 to \$5,364,335 as of June 30, 2021. This includes the \$ 2,000,000 three year no interest loan from NCORR to assist in hurricane related expenses pending reimbursement from FEMA.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the year ending June 30, 2021 for the City of Boiling Spring Lakes is \$44,784,316.

Outstanding Debt Figure 5

City of Boiling Spring Lakes Outstanding Debt

	Governmental Activities	
	2021	2020
Installment purchases	642,133	744,061
Note payable	2,000,000	2,000,000
Compensated absences	96,629	86,208
OPEB	1,542,024	1,136,232
Pension related debt	1,083,549	860,149
 Total	 <u>5,364,335</u>	 <u>4,826,650</u>

Additional information regarding the City of Boiling Spring Lakes' long-term debt can be found in note, III, B, 6 of this report.

Governmental Activities: Due to the improving economic climate property taxes, sales taxes and revenues from permits and fees are expected to show an increase in budgeted revenue from June 30, 2021. The City administration will monitor the economic conditions in Brunswick County and remain poised to make adjustments to the budget as warranted. Budgeted expenditures in the General Fund will be reduced if required.

Requests for Information

This report is designed to provide an overview of the City'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 Suzanne Tungate, Finance Director, City of Boiling Spring Lakes, 9 East Boiling Spring Road, Boiling Spring Lakes, NC 28461 at (910) 363-0025 or stungate@cityofbsl.org. Copies of the audit and past three fiscal year audits are available on the city's website at www.cityofbsl.org.

BASIC FINANCIAL STATEMENTS

CITY OF BOILING SPRING LAKES, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2021

EXHIBIT 1

	<u>Governmental Activities</u>	<u>Total</u>	<u>Boiling Spring Lakes ABC Board</u>
ASSETS			
Current assets:			
Cash and equivalents	1,655,999	1,655,999	96,089
Taxes receivable (net)	46,777	46,777	-
Other receivables	228,167	228,167	51,180
Accrued interest receivable on taxes	10,019	10,019	
Due from other governmental agencies	809,451	809,451	-
Due from component unit	48	48	
Inventories	-	-	82,478
Prepaid expenses	-	-	4,567
Restricted cash and cash equivalents	663,726	663,726	
Total current assets	<u>3,414,187</u>	<u>3,414,187</u>	<u>234,314</u>
Non-current assets:			
Capital assets			
Land and improvements not being depreciated	256,850	256,850	15,000
Construction in progress	1,415,598	1,415,598	
Other capital assets, net of depreciation	3,521,144	3,521,144	127,212
Total capital assets	<u>5,193,592</u>	<u>5,193,592</u>	<u>142,212</u>
Total non-current assets	<u>5,193,592</u>	<u>5,193,592</u>	<u>142,212</u>
Total assets	<u>8,607,779</u>	<u>8,607,779</u>	<u>376,526</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	550,204	550,204	35,331
OPEB deferrals	352,984	352,984	13,353
Total deferred outflows of resources	<u>903,188</u>	<u>903,188</u>	<u>48,684</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued expenses	213,582	213,582	96,884
Due to primary government			48
Accrued interest	1,439	1,439	
Accounts payable from restricted assets	10,407	10,407	
Current portion of long-term liabilities	2,171,807	2,171,807	4,130
Total current liabilities	<u>2,397,235</u>	<u>2,397,235</u>	<u>101,062</u>
Long-term liabilities			
Net pension liability	781,151	781,151	41,452
Total pension liability	302,398	302,398	
Total OPEB liability	1,542,024	1,542,024	103,832
Due in more than one year	566,955	566,955	-
Total liabilities	<u>5,589,763</u>	<u>5,589,763</u>	<u>246,346</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	80,563	80,563	-
OPEB deferrals	333,398	333,398	5,001
Total deferred inflows of resources	<u>413,961</u>	<u>413,961</u>	<u>5,001</u>
NET POSITION			
Net investment in capital assets	4,551,460	4,551,460	142,212
Restricted for:			
Stabilization by State Statute	1,282,043	1,282,043	
Streets - Powell Bill	408,554	408,554	
Capital outlay	-	-	37,926
Unrestricted	<u>(2,734,814)</u>	<u>(2,734,814)</u>	<u>(6,275)</u>
Total net position	<u>3,507,243</u>	<u>3,507,243</u>	<u>173,863</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BOILING SPRING LAKES, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

EXHIBIT 2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Boiling Spring Lakes ABC Board</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	<u>Total</u>	
<u>Primary government</u>					<u>Governmental Activities</u>		
Governmental activities							
General Government	2,223,087	6,943	2,007	-	(2,214,137)	(2,214,137)	
Public Safety	1,729,553	204,479	132,484	-	(1,392,590)	(1,392,590)	
Transportation	607,244	19,587	297,723	-	(289,934)	(289,934)	
Health Sanitation and Welfare	410	-	1,183	-	773	773	
Culture and Recreation	454,938	262,820	(5,257)	690	(196,685)	(196,685)	
Interest on Long-term debt	26,711	-	-	-	(26,711)	(26,711)	
Economic and Physical Development	88,486	-	-	-	(88,486)	(88,486)	
Total governmental activities	5,130,429	493,829	428,140	690	(4,207,770)	(4,207,770)	
Total primary government	5,130,429	493,829	428,140	690	(4,207,770)	(4,207,770)	
<u>Component Units</u>							
Boiling Spring Lakes ABC Board	945,490	986,073	-	-			40,583
Total component units	945,490	986,073	-	-			40,583
<u>General revenues:</u>							
<u>Taxes:</u>							
Property taxes, levied for general purposes					1,296,610	1,296,610	-
Other taxes					2,934,431	2,934,431	-
Unrestricted investment earnings					96	96	-
Miscellaneous					126,663	126,663	-
<i>Special item - theft loss</i>						-	(11,063)
Total general revenues and transfers					4,357,800	4,357,800	(11,063)
Change in net position					150,030	150,030	29,520
Net position - beginning					3,357,213	3,357,213	144,343
Net position - ending					3,507,243	3,507,243	173,863

The accompanying notes are an integral part of the financial statements.

CITY OF BOILING SPRING LAKES, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

EXHIBIT 3
Page 1 of 2

	<u>Major Fund</u>	
	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	1,655,999	1,655,999
Taxes receivable, net	46,777	46,777
Receivable from other governments	809,451	809,451
Receivable from other component unit	48	48
Other receivables	228,167	228,167
Restricted assets:		
Cash and cash equivalents	663,726	663,726
Total assets	<u>3,404,168</u>	<u>3,404,168</u>
LIABILITIES		
Accounts payable	213,582	213,582
Accounts payable from restricted assets	10,407	10,407
Total liabilities	<u>223,989</u>	<u>223,989</u>
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	46,777	46,777
Total deferred inflows of resources	<u>46,777</u>	<u>46,777</u>
FUND BALANCES		
Restricted		
Stabilization by State Statute	1,282,043	1,282,043
Streets	408,554	408,554
Public safety	77,545	77,545
Committed		
Capital outlay	40,177	40,177
Unassigned	1,325,083	1,325,083
Total fund balances	<u>3,133,402</u>	<u>3,133,402</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>3,404,168</u>	 <u>3,404,168</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BOILING SPRING LAKES, NORTH CAROLINA
RECONCILIATION OF THE GOVERNMENT FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
June 30, 2021

EXHIBIT 3
Page 2 of 2

Total fund balance, governmental funds		3,133,402
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Gross capital assets at historical costs	8,888,200	
Accumulated depreciation	<u>(3,694,608)</u>	5,193,592
Deferred outflows of resources related to pensions are not reported in the funds		550,204
Deferred outflows of resources related to OPEB are not reported in the funds		352,984
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.		10,019
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		46,777
Long-term liabilities used in governmental activities are not financial uses and therefore, not reported in the funds		
Gross long-term debt	(2,738,762)	
Net pension liability	(781,151)	
Total pension liability	(302,398)	
Total OPEB liability	<u>(1,542,024)</u>	(5,364,335)
Deferred inflows of resources related to pensions are not reported in the funds		(80,563)
Deferred inflows of resources related to OPEB are not reported in the funds		(333,398)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		(1,439)
Net position of governmental funds		<u>3,507,243</u>

The accompanying notes are an integral part of the financial statements.

CITY OF BOILING SPRING LAKES, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

EXHIBIT 4
Page 1 of 2

	<u>Major Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>Governmental</u>
		<u>Funds</u>
REVENUES		
Property taxes	1,305,766	1,305,766
Other taxes	148,917	148,917
Unrestricted intergovernmental revenues	2,890,283	2,890,283
Restricted intergovernmental revenues	430,298	430,298
Licenses and permits	222,816	222,816
Sales and services	282,134	282,134
Investment earnings	96	96
Miscellaneous	53,818	53,818
Total revenues	<u>5,334,128</u>	<u>5,334,128</u>
EXPENDITURES		
Current:		
General government	3,041,103	3,041,103
Public safety	1,598,381	1,598,381
Transportation	516,655	516,655
Health and welfare	410	410
Economic and physical development	85,838	85,838
Culture and recreation	730,531	730,531
Debt Service:		
Principal	101,928	101,928
Interest and other charges	27,248	27,248
Total expenditures	<u>6,102,094</u>	<u>6,102,094</u>
Excess (deficiency) of revenues over expenditures	<u>(767,966)</u>	<u>(767,966)</u>
OTHER FINANCING SOURCES (USES)		
Total other financing sources and uses	<u>-</u>	<u>-</u>
 Net change in fund balances	 (767,966)	 (767,966)
Fund balances - beginning	<u>3,901,368</u>	<u>3,901,368</u>
Fund balances - ending	<u><u>3,133,402</u></u>	<u><u>3,133,402</u></u>

The accompanying notes are an integral part of the financial statements.

**CITY OF BOILING SPRING LAKES, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021**

EXHIBIT 4
Page 2 of 2

Net change in fund balances - total governmental funds: (767,966)

**Amounts reported for Governmental Activities in the Statement of
Activities are different because:**

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay expenditures which were capitalized	1,364,349
Depreciation expense for governmental assets	(362,417)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	168,749
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OPEB Benefit payments paid and administrative expense for the current fiscal year are not included on the Statement of Activities	43,417
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Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Change in unavailable revenue for tax revenues	(9,156)
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The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	101,928
Accrued interest	537

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Compensated absences	(10,421)
Pension expense - LGERS	(253,517)
Pension expense - LEOSSA	(33,551)
OPEB plan expense	(91,922)

Total changes in net position of governmental activities	<u>150,030</u>
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CITY OF BOILING SPRING LAKES, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year ended June 30, 2021

EXHIBIT 5

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u> <u>Budgetary Basis</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Ad valorem taxes	1,249,056	1,280,056	1,305,766	25,710
Other taxes	132,875	132,875	148,917	16,042
Unrestricted intergovernmental revenues	2,177,403	2,446,403	2,890,283	443,880
Restricted intergovernmental revenues	289,587	734,337	430,298	(304,039)
Licenses and permits	196,825	196,825	222,816	25,991
Sales and services	305,350	316,350	282,134	(34,216)
Investment earnings	750	750	96	(654)
Miscellaneous	46,100	49,350	53,818	4,468
Total revenues	4,397,946	5,156,946	5,334,128	177,182
EXPENDITURES				
Current:				
General government	1,091,386	3,161,422	3,041,103	120,319
Public Safety	1,614,937	1,722,437	1,598,381	124,056
Transportation	559,235	907,192	516,655	390,537
Health and welfare	5,900	5,900	410	5,490
Economic and physical development	86,569	90,569	85,838	4,731
Culture and recreation	952,112	982,072	730,531	251,541
Debt Service:				
Principal	-	101,930	101,928	2
Interest and other charges	-	27,251	27,248	3
Contingency	115,422	60,000	-	60,000
Total expenditures	4,425,561	7,058,773	6,102,094	956,679
Excess (deficiency) of revenues over expenditures	(27,615)	(1,901,827)	(767,966)	1,133,861
OTHER FINANCING SOURCES (USES)				
Transfers in	27,615	27,615	-	27,615
Total other financing sources and uses	27,615	27,615	-	27,615
 Fund balance appropriated	 -	 1,874,212	 -	 (1,874,212)
Net change in fund balances	-	-	(767,966)	(767,966)
Fund balances - beginning			3,861,191	
Fund balances - ending			3,093,225	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Fund balance, beginning			40,177	
Fund balance, ending (Exhibit 4)			3,133,402	

The accompanying notes are an integral part of the financial statements.

CITY OF BOILING SPRING LAKES, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

EXHIBIT 6
Page 1 of 29

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Boiling Spring Lakes, North Carolina and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Boiling Spring Lakes is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the City and its component unit, a legally separate entity for which the City is financially accountable. The discretely presented component unit presented below is reported in a separate column in the City's financial statements in order to emphasize that it is legally separate from the City.

Town of Boiling Spring Lakes ABC Board

The members of the ABC Board's governing board are appointed by the City. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Boiling Spring Lakes ABC Board, 3130 George II Hwy, SE, Boiling Spring Lakes, NC 28461.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the City's funds. A statement for the one fund category – governmental - is presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

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

non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. 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 administration, public safety, street maintenance and construction, sanitation, and parks and recreation. Under GASB 54 guidance the Capital Reserve Fund is consolidated in the General Fund. The budgetary comparison for the Capital Reserve Fund has been included in the supplemental information.

The City reports the following non-major governmental fund: None

The City reports the following major enterprise fund: None

C. Measurement Focus and Basis of Accounting

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

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

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

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

The City 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 are shown as a receivable in these financial statements and are offset by deferred inflows of resources. Other receivables consist of Water and Sewer Assessments which were recognized as income in the Enterprise Water and Sewer Fund prior to the closing of the Water Fund and Sewer Fund and transfer to the General Fund. Therefore, the General Fund will not recognize income when assessments are collected. However, fund balance available for appropriation will increase as the assessments are collected.

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

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. The City Budget Officer is authorized to transfer appropriations within departmental budgets up to \$20,000. All such transfers shall be reported to the Board of Commissioners at its next regular monthly meeting. Any other revisions that shall be made to any portion of the Budget must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the City and of the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The City and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the ABC Board 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 City and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The City's and the ABC Board's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT- Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted cash because it 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. Money in the Capital Reserve Fund is classified as restricted assets because its use is restricted for future capital asset purchases per NC G.S. Chapter 159, Article 3, Part 2. Money in the NC State Revolving Loan Fund for temporary assistance to local governments is classified as restricted because its use is restricted for emergency use per Section 1.5(1) of North Carolina Session Law 2018-138. (See note IIIA2 for detail).

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020.

5. Other Receivables

Other receivables include uncollected and water and sewer assessments which were transferred to the General Fund upon the transfer of the Water and Sewer Fund to Brunswick County. The water and sewer assessments are considered fully collectible as liens have been filed against the related property.

6. 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.

7. Inventory and Prepaid Items

The inventory of the ABC Board is valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased.

The inventory of the ABC Board consists of materials and supplies held for subsequent use. The costs of these inventories are recorded as an expense as the inventories are consumed rather than when purchased.

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

8. Capital Assets

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. General infrastructure assets consist of road networks paved after July 1, 2003. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure - streets	20 years
Buildings & improvements	40 years
Automobiles	3 years
Light trucks	5 years
Heavy vehicles & machinery	10 years
Furniture and equipment	10 years
Computer equipment	4 years

Property, plant and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	39 years
Furniture and equipment	3-10 years

9. 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 City has two items that meet this criterion, contributions made to the pension plan in the 2021 fiscal year and pension deferrals. 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 Inflow 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 City has several items that meet the criterion for this category – property taxes receivable and pension deferrals.

10. Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund type statement of net position. In

the fund financial statements, governmental fund types the face amount of debt issued is reported as other financing sources. Issuance costs are reported as debt service expenditures.

11. Compensated Absences

The vacation policy of the City provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. For the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded within the component unit as the leave is earned.

The City'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 City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made. The ABC Board does not provide sick leave compensation.

12. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-spendable 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.

Inventories and prepaid expenses – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories and prepaid expenses.

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 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 non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted fund balance on the face of the balance sheet.

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

Restricted for capital outlay – portion of fund balance restricted for capital outlay [G.S. Chapter 159, Article 3, Part 2].

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of City of Boiling Spring Lakes' 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 City of Boiling Spring Lakes intends to use for specific purposes.

Subsequent year's expenditures - portion of the total fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the City manager to modify the appropriations by resource or appropriation within departments up to \$20,000.

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

The City of Boiling Spring Lakes has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-city funds, city funds. For purposes of fund balance classifications 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 Budget Officer has the authority to deviate from this policy if it is in the best interest of the City.

13. Defined Benefit Cost-Sharing Plans

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Noncompliance with N.C. General Statutes

There are no material instances of non-compliance with N. C. General Statutes.

Contractual Obligations

LGC-205 (Contract to Audit Accounts) requires submission of the annual independent audit to the LGC staff within four months of year end. This time period was not met due to auditor staffing and the Covid pandemic. An amended contract will be submitted and necessary steps taken to prevent reoccurrences.

III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the City and the ABC Board 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 City's or the ABC Board'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 City and the ABC Board, these deposits are considered to be held by the City's and the ABC Board'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 City, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City and the ABC Board under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City and the ABC Board have no formal policy regarding custodial credit risk for deposits, but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the City's deposits had a carrying amount of \$1,735,204 and a bank balance of \$1,756,947. The carrying amount of deposits of the ABC Board was \$96,089 and the bank balance was \$92,138. Of the bank balance \$92,138 of the ABC Board and \$250,000 of the City was covered by federal depository insurance. At June 30, 2021, the City's petty cash funds totaled \$600 and the ABC Board totaled \$1,000.

At June 30, 2021, the City had \$583,921 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The City has no policy regarding credit risk.

2. Restricted Assets

Restricted assets presented in the Balance Sheet and Statement of Net Position at June 30, 2021 are as follows:

Restricted Cash:

Governmental Activities

General Fund

Streets	546,004
Capital Outlay	40,177
NCORR Loan for emergency	<u>77,544</u>
Total Governmental Activities	<u>663,725</u>
 Total Restricted Cash	 <u><u>663,725</u></u>

3. Receivables - Allowances for Doubtful Accounts

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

General Fund:

Taxes receivable	<u>20,131</u>
 Total	 <u><u>20,131</u></u>

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2021 was as follows:

	Beginning <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	Ending <u>Balances</u>
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land and improvements	256,850	-		256,850
Construction in progress	157,877	1,257,721	-	1,415,598
Total capital assets not being depreciated	414,727	1,257,721	-	1,672,448
Capital assets being depreciated:				
Buildings	2,717,683	25,200		2,742,883
Other improvements	120,905	7,967		128,872
Machinery equipment, furniture and fixtures	1,604,248	5,270	59,714	1,549,804
Vehicles	904,218	68,191	112,944	859,465
Infrastructure	1,934,728	-	-	1,934,728
Total capital assets being depreciated	7,281,782	106,628	172,658	7,215,752
Less accumulated depreciation for:				
Buildings	805,114	64,257		869,371
Other improvements	26,921	8,896		35,817
Machinery equipment, furniture and fixtures	1,040,402	117,986	59,714	1,098,674
Vehicles	795,629	74,540	112,944	757,225
Infrastructure	836,783	96,738	-	933,521
Total accumulated depreciation	3,504,849	362,417	172,658	3,694,608
Total capital assets being depreciated, net	3,776,933			3,521,144
Governmental activities capital assets, net	4,191,660			5,193,592

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

General government	169,521
Public safety	68,083
Transportation	98,272
Culture and recreation	26,541
Total depreciation expense	362,417

Discretely presented component unit

Activity for the ABC Board for the year ended June 30, 2021, was as follows:

	Beginning			Ending
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Capital assets not being depreciated:				
Land	15,000	-	-	15,000
Total capital assets not being depreciated	15,000	-	-	15,000
Capital assets being depreciated:				
Buildings and improvements	128,810	-	4,282	124,528
Furniture, fixtures and office equipment	42,166	5,789	1,717	46,238
Total capital assets being depreciated	170,976	5,789	5,999	170,766
Less accumulated depreciation for:				
Buildings	32,232	3,603	4,282	31,553
Furniture, fixtures and office equipment	9,879	3,839	1,717	12,001
Total accumulated depreciation	42,111	7,442	5,999	43,554
Total capital assets being depreciated, net	128,865			127,212
ABC capital assets, net	143,865			142,212

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Government Employees' Retirement System

Plan Description. The City of Boiling Spring Lakes is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and the State School Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service.

(age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or 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. City of Boiling Spring Lakes employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Boiling Spring Lakes' contractually required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.15% 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 City of Boiling Spring Lakes were \$168,749 for the year ended June 30, 2021.

Refunds of Contributions – City 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, 2021, the City reported a liability of \$781,151 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City'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, 2020, the City's proportion was 0.02186%, which was a decrease of 0.00263% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$253,518. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between actual and expected experience	98,646	-
Changes of assumptions	58,133	
Net difference between projected and actual earnings on pension plan investments	109,926	
Changes in proportion and differences between City contributions and proportionate share of contributions	-	34,332
City contributions subsequent to the measurement date	168,749	
Total	435,454	34,332

\$168,749 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	2022	60,432
	2023	90,279
	2024	49,129
	2025	32,533
	2026	-
	Thereafter	-
		<u>232,373</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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, 2019 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, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	0.29	0.014
Global Equity	0.42	0.053
Real Estate	0.08	0.043
Alternatives	0.08	0.089
Credit	0.07	0.06
Inflation Protection	0.06	0.04
Total	1.0000	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 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 City's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Board'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:

	0.01 Decrease (6.00%)	Discount Rate (7.00%)	0.01 Increase (8.00%)
City's proportionate share of the net pension liability (asset)	1,584,870	781,151	113,204

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 for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

Plan Description. The City of Boiling Spring Lakes administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time City law enforcement officers are covered by the Separation Allowance.
At December 31, 2019 the valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits
Terminated plan members entitled to but not yet receiving benefits
Active plan members
 Total

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 Percent
Salary Increases	3.50 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

Mortality rates are based on the Pub-2010 Mortality tables with adjustments for mortality improvements projected from 2010 using generational improvement with Scale MP-2019.

Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration

costs of the Separation Allowance are financed through investment earnings. The City made no payments for the reporting period.

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

At June 30, 2021, the City reported a total pension liability of \$302,398. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$33,551.

	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Differences between expected and actual experience	6,988	38,698
Changes of assumptions	107,762	7,533
City benefit payments and plan administrative expense made subsequent to measurement date	<u>-</u>	<u>-</u>
Total	<u><u>114,750</u></u>	<u><u>46,231</u></u>

There were no payments reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability 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:

2022
2023
2024
2025
2026
Thereafter

Total

No benefits came due and no payment of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 1.93 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	329,741	302,398	277,805

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

	<u>2021</u>
Beginning balance	191,346
Service cost	15,461
Interest on the total pension liability	6,238
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(23,700)
Changes of assumptions or other inputs	113,053
Benefit payments	-
Other changes	-
	<hr/>
Ending balance of the total pension liability.	<u><u>302,398</u></u>

The plan currently uses mortality tables that vary by age, 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	253,518	33,551	287,069
Pension liability	781,151	302,398	1,083,549
Proportionate share of the net pension liability	0	n/a	
Deferred Outflows of Resources			
Difference between expected and actual experience	98,646	6,988	105,634
Changes of assumptions	58,133	107,762	165,895
Net differences between projected and actual earnings on plan investments	109,926	-	109,926
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	168,749	-	168,749
Total	<u>435,454</u>	<u>114,750</u>	<u>550,204</u>
Deferred Inflows of Resources			
Difference between expected and actual experience	-	38,698	38,698
Changes of assumptions	-	7,533	7,533
Net differences between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	34,332	-	34,332
Total	<u>34,332</u>	<u>46,231</u>	<u>80,563</u>

c. Supplemental Retirement Income Plan

Plan Description - The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcements officers employed by the City. The City has elected to provide the same benefits to all employees of the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each law officer's salary. This required contribution, along with the City's elective contribution for other employees' salary, are contributed monthly and are vested immediately. In addition, the law enforcement officers and other employees may make voluntary contributions to the plan. The City made contributions of \$81,066 for the reporting year. No amounts were forfeited.

d. Other Postemployment Benefits – Healthcare Benefits

Plan Description. Under the terms of a September 1, 2009 resolution, the City administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The City Board has the authority to establish and amend the benefit terms and financial requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. The HCB Plan provides postretirement health insurance for medical coverage only to retirees of the City until such time as the retiree becomes eligible for Medicare, at a cost not to exceed that of a current full-time employee, provided they have a minimum of ten years in the North Carolina Local Governmental Employees Retirement System ("NCLGERS"), and if hired before July 1, 2009, a minimum of five years' service to the City. If hired after June 30, 2009, with a consecutive twenty-five years of service to the City, the retiree may continue health insurance for medical coverage only with the City until such time as the retiree becomes eligible for Medicare, at a cost not to exceed that of a current full-time employee. When retirees become eligible for Medicare, the City shall pay for a Medicare supplement for medical coverage only, at a cost not to exceed that of a current full-time employee. Dental and vision coverage shall be offered to the retiree, the cost of which shall be paid by the retiree. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership in the HCB Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Inactive members currently receiving benefits	7
Inactive members entitled to but not yet receiving benefits	0
Active Members	<u>36</u>
Total	<u>43</u>

Total OPEB Liability

The City's total OPEB liability of \$1,542,024 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases including wage inflation	
General employees	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Discount rate	2.21%
Healthcare cost trend rates	
Pre-Medicare	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026
Medicare	5.00% for 2019 decreasing to an ultimate rate of 4.50% by 2021

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer

Changes in the Total OPEB Liability

Total OPEB Liability as of June 30, 2019	1,136,232
Changes for the year:	
Service cost	68,051
Interest	41,298
Changes on benefit terms	-
Difference between expected and actual experience	8,349
Changes of assumptions or other inputs	337,196
Benefit payments	<u>(49,102)</u>
Net Changes	<u>405,792</u>
Total OPEB Liability as of June 30, 2020	<u><u>1,542,024</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the discount rate:

	1.21% <u>1% Decrease</u>	2.21% <u>Discount Rate</u>	3.21% <u>1% Increase</u>
Total OPEB Liability	1,902,141	1,542,024	1,270,704

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were changed using healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% <u>Decrease</u>	<u>Current</u>	1% <u>Increase</u>
Total OPEB Liability	1,220,269	1,542,024	1,990,150

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the City recognized OPEB expense of \$94,957. At June 30, 2021 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows <u>of Resources</u>	Deferred Inflows <u>of Resources</u>
Differences between expected and actual experience	10,472	177,061
Changes of assumptions	299,095	156,337
Benefit payments and administrative costs made subsequent to the measurement date	<u>43,417</u>	<u>-</u>
Total	352,984	333,398

\$43,417 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in healthcare costs as follows:

Year Ended June 30:

2022	(14,392)
2023	(14,392)
2024	(14,392)
2025	(14,392)
2026	(14,392)
Thereafter	<u>48,129</u>
Total	<u>(23,831)</u>

e. Other Employment Benefits

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

2. Deferred Outflows and Inflows of Resources

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

	<u>Deferred Outflows of Resources</u>
Contributions to pension plan in current fiscal year	117,881
Administrative expense payment for LEOSSA made subsequent to measurement date	339
Benefit payments and administrative expenses for OPEB made subsequent to the measurement date	47,542
Differences between expected and actual experience	100,429
Changes of assumptions	157,845
Net difference between projected and actual earnings	<u>76,659</u>
Total	<u><u>500,695</u></u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable, less penalties (General Fund)	-	56,417
Change in assumptions	202,053	
Differences between actual and expected experience	5,634	
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>17,112</u>	<u>-</u>
Total	<u><u>224,799</u></u>	<u><u>56,417</u></u>

3. Commitments

The City has various continuing contracts as part of normal operations. These are funded from current operations.

4. Risk Management

The City 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 City maintains insurance through commercial companies that provide the following types of major coverage for the amounts of retained risk noted: general liability, public official and law enforcement liability (\$1,000,000 per occurrence with \$3,000,000 aggregate); auto liability (\$1,000,000 per person with \$3,000,000 total); property (\$4,114,252 blanket coverage with limits for each property); workers' compensation (\$1,000,000 coverage each occurrence); wind and hail (policy amounts for each property). Employee health coverage is provided with a commercial company. 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 City is not required to purchase flood insurance, and accordingly has elected not to carry it. In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000. The remaining employees that have access to funds are insured for \$5,000.

The Town of Boiling Spring Lakes ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The ABC Board has commercial property, general liability, auto liability, and workers' compensation coverage. The ABC Board also has liquor legal liability coverage and each Board Member and staff is bonded. 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.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2021, the City had no outstanding items in litigation.

6. Long-Term Obligations

a. Installment Purchase Contracts

On September 12, 2007, the City entered into a direct placement agreement to provide financing in the amount of \$1,600,000 for the construction of the new city hall. The property is pledged as collateral for the debt while the debt is outstanding. This contract is currently held by First National Bank. The financing contract requires payments of interest at 3.94% payable monthly and beginning April 12, 2009 principal payments of \$6,667 per month for twenty years. This loan will be fully repaid March 12, 2029.

On September 1, 2015, the City entered into a direct placement agreement to provide financing in the amount of \$149,017 for the acquisition of a new commercial truck and equipment. The property is pledged as collateral for the debt while the debt is outstanding. This contract is with LGFCU Financial Partners, LLC. The financing contract requires annual payments of \$23,472 at 2.50% fixed beginning December 1, 2015 for seven years. This loan will be fully repaid December 1, 2021.

Annual debt service payments of the installment purchases as of June 30, 2021 are as follows:

Governmental Activities			
	Year Ending June 30	<u>Principal</u>	<u>Interest</u>
	2022	102,480	23,548
	2023	80,000	19,834
	2024	80,000	16,706
	2025	80,000	13,508
	2026	80,000	10,378
	2027-2029	<u>219,653</u>	<u>11,300</u>
Total		<u><u>642,133</u></u>	<u><u>95,274</u></u>

b. State Revolving Loan

On April 17, 2019 the City, in a direct placement, was awarded a loan from the North Carolina Office of Recovery and Resiliency for \$2,000,000. The purpose of this loan is to provide temporary cash assistance to cover expenses eligible for reimbursement by the Federal Emergency Management Agency (FEMA), National Flood Insurance Program (NFIP) or other federal reimbursement programs. These expenses arose as a result of Hurricane Florence in September 2018. This principal only loan does not carry interest charges or administrative fees. This note is to be repaid from reimbursements received from the federal government. The agreement shall terminate in three years or upon the full repayment of the loan proceeds, whichever comes first. Management estimates that this note will be repaid as follows:

	Year Ending June 30,	<u>Principal</u>
	2022	<u>2,000,000</u>
Total		<u><u>2,000,000</u></u>

c. Changes in General Long-Term Liabilities

	Beginning			Ending	Current
Government activities:	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>	<u>Portion of</u> <u>Balance</u>
Installment purchases	744,061		101,928	642,133	102,480
State revolving loan	2,000,000	-		2,000,000	2,000,000
Compensated absences	86,208	76,249	65,828	96,629	69,327
Net pension obligation (LGERS)	668,803	112,348		781,151	-
Net pension obligation (LEO)	191,346	111,052		302,398	-
Other postemployment benefits	1,136,232	405,792	-	1,542,024	-
Government activity long-term liabilities	<u>4,826,650</u>	<u>705,441</u>	<u>167,756</u>	<u>5,364,335</u>	<u>2,171,807</u>

d. Net Investment in Capital Assets

Net investment in capital assets at June 30, 2021 consists of the following:

	Governmental	Business-type
	Activities	Activities
Capital assets	5,193,592	
Less: Long-term debt	<u>642,132</u>	<u>-</u>
Net investment in capital assets	<u>4,551,460</u>	<u>-</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	3,133,402
Less:	
Stabilization by State Statute	1,282,043
Streets - Powell Bill	408,554
Public Safety	77,545
Capital outlay	40,177
Appropriated Fund Balance in 2021-22 budget	<u>-</u>
Remaining fund balance	<u>1,325,083</u>

f. Interfund Balances and Activity.

None

g. Encumbrances.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

	<u>General Fund</u>
Total	244,377

IV. JOINTLY GOVERNED ORGANIZATIONS

The City, in conjunction with four counties and thirty-two other municipalities established the Cape Fear Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$1,509 to the Council during the fiscal year ended June 30, 2021.

V. Boiling Spring Lakes ABC Board (A Component Unit)

The Boiling Spring Lakes ABC Board's (a component unit of the City) store operations suffered an internal theft during the year ended June 30, 2021 in an amount determined to be approximately \$61,063 of which \$50,000 was reimbursed by insurance. The remaining \$11,063 is recorded as other expense. The internal theft occurred due to management override of internal control policy. The ABC Board has installed new management and reestablished internal controls.

VI. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The City 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 monies.

VII. HURRICANE DAMAGE AND RESTORATION

On September 9, 2018, the City experienced the effects of Hurricane Florence and is included in a federally declared disaster zone. The City suffered extensive damage to its public areas, infrastructure of roads, dams and lakes. Debris removal and restoration expenditures incurred as of June 30, 2019, 2020 and 2021, amounted to \$2,187,981, \$2,046,657 and \$1,751,224, respectively. Of amounts submitted to FEMA for reimbursement \$2,706,438 had been received as of June 30, 2021 with \$228,861 approved for payment. The remaining amounts are pending approval. The costs of dams and lakes repairs and restoration are approximately \$41.6 million. Updated cost will be obtained as the project moves forward. NC Dam Safety has determined that all four city-owned dams that were breached during Hurricane Florence will be reclassified as "high hazard" dams due to being breached

by the storm. As such the department required the City, following the hurricane, to have prepared by a professional engineering firm a Preliminary Analysis Report (PAR) to provide repair alternatives that would meet the requirements of the NC Dam Safety Act. That report as well as a proposed scope of work have been submitted to FEMA for determination of eligibility of expenses to be covered by the federal government. FEMA is required by federal law to reimburse for all costs associated with restoration of the damages to pre-storm condition plus to meet current "codes and standards" for projects determined eligible in federally declared disaster areas as Brunswick County was following Hurricane Florence.

VII. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS.

Events occurring after June 30, 2021 were evaluated by management on December 16, 2021 to ensure that any subsequent events that met the criteria for recognition and/or disclosure to these financial statements have been included. In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact City revenues. At the current time, management is unable to quantify effects of this pandemic.

**REQUIRED
SUPPLEMENTAL FINANCIAL DATA**

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

Schedule of Proportionate Share of Net Pension Liability (Asset) - Local Government Employee's Retirement System

Schedule of Contributions - Local Government Employee's Retirement System

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

Schedule of Total Pension Liability as a Percent of Covered Payroll - Law Enforcement Officers' Special Separation Allowance.

Schedule of Changes in the Total OPEB Liability and Related Ratios

CITY OF BOILING SPRING LAKES, NORTH CAROLINA
CITY OF BOILING SPRING LAKES' PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS

EXHIBIT A-1

LOCAL GOVERNMENT EMPLOYEE'S RETIREMENT SYSTEM

	2021	2020	2019	2018	2017	2016	2015	2014
City of Boiling Spring Lakes' proportion of the net pension liability (asset) (%)	0.02186%	0.02449%	0.02340%	0.02277%	0.02438%	0.02321%	0.02252%	0.01820%
City of Boiling Spring Lakes' proportion of the net pension liability (asset) (\$)	781,151	668,803	558,449	347,863	517,427	104,165	(132,811)	219,380
City of Boiling Spring Lakes' covered-employee payroll	1,587,123.00	1,467,304.00	1,386,297.00	1,251,314	1,317,613	1,192,061	1,105,732	1,003,162
City of Boiling Spring Lakes' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.22%	45.58%	40.28%	27.80%	39.27%	8.74%	(12.01%)	21.86%
Plan fiduciary net position as a percentage of the total pension liability	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

**CITY OF BOILING SPRING LAKES, NORTH CAROLINA
SCHEDULE OF CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS**

EXHIBIT A-2

LOCAL GOVERNMENT EMPLOYEE'S RETIREMENT SYSTEM

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required Contribution	168,749	146,464	117,881	108,274	94,665	90,437	85,833	79,026
Contributions in relation to the contractually required contribution	<u>168,749</u>	<u>146,464</u>	<u>117,881</u>	<u>108,274</u>	<u>94,665</u>	<u>90,437</u>	<u>85,833</u>	<u>79,026</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City of Boiling Spring Lakes' covered-employee payroll	1,617,743	1,587,123	1,467,304	1,386,297	1,251,314	1,317,613	1,192,061	1,105,732
Contributions as a percentage of covered-employee payroll	10.43%	9.23%	8.03%	7.81%	7.57%	6.86%	7.20%	7.15%

**CITY OF BOILING SPRING LAKES, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SEPARATION ALLOWANCE
LAST FIVE FISCAL YEARS**

EXHIBIT A-3

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	191,346	186,521	163,488	134,225	120,831
Service Cost	15,461	15,611	16,280	12,314	13,674
Interest on the total pension liability	6,238	6,789	5,166	5,181	4,314
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(23,700)	(24,798)	11,806	(1,378)	-
Changes of assumptions or other inputs	113,053	7,223	(10,219)	13,146	(4,594)
Benefit payments	-	-	-	-	-
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>302,398</u>	<u>191,346</u>	<u>186,521</u>	<u>163,488</u>	<u>134,225</u>

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

**CITY OF BOILING SPRING LAKES, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SEPARATION ALLOWANCE
LAST FIVE FISCAL YEARS**

EXHIBIT A-4

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	302,398	191,346	186,521	163,488	134,225
Covered payroll	590,684	594,500	569,161	514,153	532,555
Total pension liability as a percentage of covered payroll	51.19%	32.19%	32.77%	31.80%	25.20%

Notes to the schedules:

The City of Boiling Spring Lakes has no assets accumulated in a trust fund that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

CITY OF BOILING SPRING LAKES, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS

EXHIBIT A-5

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	68,051	70,006	74,887	85,992
Interest	41,298	50,213	46,116	40,760
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	8,349	(227,152)	4,578	(2,219)
Changes of assumptions or other inputs	337,196	(21,899)	(84,638)	(147,657)
Benefit payments	(49,102)	(51,018)	(40,130)	(31,289)
Other changes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in the Total OPEB Liability	405,792	(179,850)	813	(54,413)
Total OPEB Liability - beginning	<u>1,136,232</u>	<u>1,316,082</u>	<u>1,315,269</u>	<u>1,369,682</u>
Total OPEB Liability - ending	<u><u>1,542,024</u></u>	<u><u>1,136,232</u></u>	<u><u>1,316,082</u></u>	<u><u>1,315,269</u></u>
Covered-employee payroll	1,625,355	1,625,355	1,111,300	1,111,300
Total OPEB Liability as a percentage of covered-employee payroll	94.87%	69.91%	118.43%	118.35%

Notes to the Schedule:

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rate used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

SUPPLEMENTARY STATEMENTS

**CITY OF BOILING SPRING LAKES, NORTH CAROLINA
GENERAL FUND - BUDGETARY BASIS
COMPARATIVE BALANCE SHEET
June 30, 2021 and 2020**

EXHIBIT B-1

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	1,655,999	1,273,560
Receivables (net):		
Taxes	46,777	56,099
Accounts	228,167	309,632
Due from other governments	809,451	1,926,835
Due from component unit	48	20,752
Restricted cash and cash equivalents	<u>623,549</u>	<u>377,776</u>
Total assets	<u><u>3,363,991</u></u>	<u><u>3,964,654</u></u>
LIABILITIES		
Accounts payable	213,582	256,147
Accounts payable from restricted assets	<u>10,407</u>	<u>-</u>
Total liabilities	<u>223,989</u>	<u>256,147</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenues	<u>46,777</u>	<u>56,099</u>
Total deferred inflows of resources	<u>46,777</u>	<u>56,099</u>
FUND BALANCES		
Restricted		
Stabilization by State Statute	1,282,043	2,257,219
Streets	408,554	377,776
Public Safety	77,545	549,082
Unassigned	<u>1,325,083</u>	<u>677,114</u>
Total fund balances	<u>3,093,225</u>	<u>3,861,191</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>3,363,991</u></u>	<u><u>4,173,437</u></u>

**CITY OF BOILING SPRING LAKES, NORTH CAROLINA
GENERAL FUND**

EXHIBIT B-2
Page 1 of 10

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2021

With Comparative Actual Amounts for Year Ended June 30, 2020

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
<u>Revenues</u>				
Ad valorem				
Current year	1,244,856	1,265,463	20,607	1,213,122
Prior year	25,200	28,428	3,228	23,234
Penalties and interest	10,000	11,875	1,875	8,384
Total	<u>1,280,056</u>	<u>1,305,766</u>	<u>25,710</u>	<u>1,244,740</u>
Other taxes				
Vehicle tax	132,000	148,222	16,222	135,000
Dog tax	875	695	(180)	785
Total	<u>132,875</u>	<u>148,917</u>	<u>16,042</u>	<u>135,785</u>
Unrestricted intergovernmental revenues				
Local option sales tax	1,998,403	2,453,135	454,732	2,022,702
Franchise tax	290,000	294,683	4,683	289,684
Covid payment	105,000	104,769	(231)	87,299
Beer and wine excise tax	28,000	30,196	2,196	30,048
ABC profit distribution	25,000	7,500	(17,500)	25,000
Total	<u>2,446,403</u>	<u>2,890,283</u>	<u>443,880</u>	<u>2,454,733</u>
Restricted intergovernmental revenues				
Grant revenue	1,200	1,183	(17)	549
FEMA Reimbursement	-	-	-	958,998
"State Street-aid" allocation	312,750	293,580	(19,170)	311,700
NC DOT Right of Way	4,143	4,143	-	4,581
Muse Park Grant	283,000	-	(283,000)	-
USDA NRCS Reimbursement	132,000	131,344	(656)	-
ABC revenue for law enforcement	1,244	48	(1,196)	1,603
Total	<u>734,337</u>	<u>430,298</u>	<u>(304,039)</u>	<u>1,277,431</u>
Permits and fees				
Building permits and inspection fees	131,000	176,066	45,066	107,227
Code enforcement penalties	800	600	(200)	860
Driveway permits	51,375	19,240	(32,135)	9,800
Planning and zoning fees	11,900	22,540	10,640	8,384
Planning and development fees	1,200	3,070	1,870	2,430
Fire fees	250	1,000	750	300
Board of adjustment fees	300	300	-	300
Total	<u>196,825</u>	<u>222,816</u>	<u>25,991</u>	<u>129,301</u>
Sales and services				
Rents and concessions	180,000	178,602	(1,398)	21,452
Impound fees	-	-	-	200

**CITY OF BOILING SPRING LAKES, NORTH CAROLINA
GENERAL FUND**

EXHIBIT B-2
Page 2 of 10

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2021

With Comparative Actual Amounts for Year Ended June 30, 2020

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Animal control fees	200	705	505	640
Water assessment	11,000	11,000	-	3,500
Water assessment interest	10,000	7,609	(2,391)	7,651
Copies, maps. Etc.	-	64	64	3,477
Community center revenue				
Programs and rentals	80,650	74,492	(6,158)	78,612
Memberships	16,500	7,313	(9,187)	13,961
Gifts and donations	18,000	2,349	(15,651)	17,798
Total	<u>316,350</u>	<u>282,134</u>	<u>(34,216)</u>	<u>147,291</u>
Investment earnings				
Investment earnings - other	<u>750</u>	<u>96</u>	<u>(654)</u>	<u>1,837</u>
Total	<u>750</u>	<u>96</u>	<u>(654)</u>	<u>1,837</u>
Miscellaneous revenue				
Sales and gas tax refunds	13,000	-	(13,000)	18,442
Sale of fixed assets	25,000	38,994	13,994	-
Xpress pay income	1,800	4,989	3,189	1,944
Abatement reimbursement	1,200	347	(853)	1,162
Brunswick Senior Resource Donation	-	2,007	2,007	-
Small fry fishing tournament	2,000	1,840	(160)	-
Contributions	-	2,092	2,092	2,738
Miscellaneous	<u>6,350</u>	<u>3,549</u>	<u>(2,801)</u>	<u>2,940</u>
Total	<u>49,350</u>	<u>53,818</u>	<u>4,468</u>	<u>27,226</u>
Total revenues	<u>5,156,946</u>	<u>5,334,128</u>	<u>177,182</u>	<u>5,418,344</u>
<u>Expenditures</u>				
General government				
Governing body				
Salaries	8,000	7,250		8,000
Payroll taxes	612	555		612
Professional fees - attorney	4,000	4,151		5,153
Professional fees - audit	31,000	31,000		32,450
Contracted services	850	748		829
Per diem/travel	500	-		310
Ordinance codification	2,000	2,265		1,474
Collection fees (taxes)	8,120	8,008		8,916
Collection fees (vehicles)	9,924	10,814		13,658
Miscellaneous	<u>2,500</u>	<u>2,714</u>	<u>-</u>	<u>3,932</u>
Total	<u>67,506</u>	<u>67,505</u>	<u>1</u>	<u>75,334</u>

**CITY OF BOILING SPRING LAKES, NORTH CAROLINA
GENERAL FUND**

EXHIBIT B-2
Page 3 of 10

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2021

With Comparative Actual Amounts for Year Ended June 30, 2020

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Administration				
Salaries	334,303	339,589		285,582
Professional services	50,090	26,338		-
Payroll taxes	22,897	25,691		21,234
Employees' group insurance	22,400	22,899		21,686
Retirement	45,554	50,370		38,605
Other fringe benefits	11,500	11,532		4,927
Telephone and postage	9,360	9,722		8,148
Volunteer appreciation	2,000	-		-
Utility - water	13,830	13,556		13,297
Travel and training	11,900	7,894		4,788
Office equipment maintenance	6,800	4,553		6,761
Legal advertising	2,500	1,298		439
Office supplies	3,500	3,793		4,435
Gas, oil and tires	1,000	644		779
Emergency response	3,750	3,994		3,750
Fire Department contingency	-	-		52,235
Contracted services	39,000	40,906		45,231
Dues and subscriptions	16,315	11,326		12,582
Insurance - general	68,673	69,999		65,633
Workmen's compensation insurance	70,394	45,275		66,378
Miscellaneous expense	17,500	3,511		6,083
Bank service charges	400	2,287		246
Hurricane Expenses	770,000	793,805		2,046,657
USDA-NRSC Grant	158,500	158,443		40,798
Covid-19 Payment	132,000	131,840		3,014
Hurricane Dorian	-	-		3,583
Express fees	3,000	4,315		3,385
Planning	-	-		1,135
Catch grant payroll	5,922	5,519	-	-
Total	1,823,088	1,789,099	33,989	2,761,391
Public buildings				
Salaries	106,802	91,305		117,972
Seasonal help	12,480	-		-
Payroll taxes	10,445	7,112		8,938
Group insurance	20,242	14,172		24,344
Retirement	13,628	10,800		14,821
Telephone	2,700	3,237		2,316
Travel and training	600	-		-
Electricity	5,000	1,806		4,929

**CITY OF BOILING SPRING LAKES, NORTH CAROLINA
GENERAL FUND**

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**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2021

With Comparative Actual Amounts for Year Ended June 30, 2020

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Repairs and maintenance	41,000	29,120		20,630
Lawn care	9,000	1,655		6,512
Landscaping	6,500	2,956		5,337
Park repairs and maintenance	5,000	2,866		2,678
Fuel, oil and tires	7,200	7,442		6,108
Office supplies	500	360		101
Janitor supplies	4,000	2,584		5,077
Uniform allowance	800	513		652
Contracted services	13,719	7,456		7,390
Tool purchases and maintenance	7,500	2,449		1,915
Miscellaneous	500	587		282
Capital outlay-NCORR Loan Fund	993,712	993,712		-
Capital outlay	9,500	4,367	-	25,705
Total	<u>1,270,828</u>	<u>1,184,499</u>	<u>86,329</u>	<u>255,707</u>
 <u>Total general government</u>	 <u>3,161,422</u>	 <u>3,041,103</u>	 <u>120,319</u>	 <u>3,092,432</u>
 Public safety				
Police				
Salaries	693,690	674,190		632,435
Salaries - part-time	10,300	4,853		-
Separation allowance				9,830
Professional fees	38,500	22,817		5,789
Payroll taxes	53,855	50,587		47,981
Retirement	109,881	104,714		92,067
Employee group insurance	119,146	101,281		101,051
Retiree group insurance	21,300	14,175		21,798
Training and travel	5,000	1,668		1,693
Telephone and postage	14,240	21,041		11,107
Electricity and water	8,500	9,337		8,419
Vehicle maintenance	13,000	13,183		12,927
Communication equipment maintenance	-	2,630		-
Police office equipment maintenance	2,800	1,436		1,122
Police supplies	-	455		-
Gas, oil and tires	32,000	29,089		31,617
Police office supplies	2,500	2,602		2,243
Uniform allowance	12,000	9,861		13,131
Small fry fishing tournament	4,000	2,467		1,111
Contracted services	104,408	109,332		57,498
Special investigations	5,000	2,694		2,459
Dues and subscriptions	1,000	830		765
Miscellaneous expense	2,000	2,791		2,831
Non-capital outlay	93,700	65,873		4,095

**CITY OF BOILING SPRING LAKES, NORTH CAROLINA
GENERAL FUND**

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**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2021

With Comparative Actual Amounts for Year Ended June 30, 2020

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Capital outlay	<u>94,200</u>	<u>93,391</u>	<u>-</u>	<u>315,831</u>
Total	<u>1,441,020</u>	<u>1,341,297</u>	<u>99,723</u>	<u>1,377,800</u>
Animal control				
Training	600	325		-
Telephone	600	757		520
Vehicle maintenance	1,000	378		116
Gas, tires, oil	3,000	2,383		1,590
Office supplies	750	290		324
Supplies	500	409		744
Uniform allowance	1,000	909		245
Contracted services	450	-		-
Miscellaneous	450	192		224
Non-capital outlay	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>560</u>
Total	<u>10,350</u>	<u>5,643</u>	<u>4,707</u>	<u>4,323</u>
Inspections				
Salaries	113,658	107,471		102,997
Salaries - part-time	19,869	18,468		15,248
Payroll taxes	9,603	9,630		9,186
Retirement	16,081	16,340		14,459
Employee group insurance	8,771	8,516		8,729
Retiree supplemental insurance	1,400	1,200		1,200
Telephone and postage	2,240	2,343		1,653
Training and travel	4,500	4,167		3,454
Vehicle maintenance	500	65		-
Gas, oil and tires	1,350	472		1,032
Office supplies	500	357		424
Office equipment	500	-		427
Departmental supplies	350	133		1,299
Contracted services	14,600	14,121		12,850
Dues and subscriptions	876	632		452
Uniform allowance	500	241		111
Miscellaneous expense	250	134		29
Non-capital outlay	-	-	-	3,068
Capital outlay	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>200,548</u>	<u>184,290</u>	<u>16,258</u>	<u>176,618</u>
Code Enforcement				
Salaries	39,254	37,673		-
Payroll taxes	2,812	2,346		-
Retirement	3,756	3,828		-

**CITY OF BOILING SPRING LAKES, NORTH CAROLINA
GENERAL FUND**

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**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2021

With Comparative Actual Amounts for Year Ended June 30, 2020

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Employee group insurance	7,649	7,435		-
Retiree supplemental insurance	1,838	1,884		-
Telephone and postage	2,470	1,610		-
Training and travel	500	90		-
Vehicle maintenance	500	330		-
Gas, oil and tires	1,700	1,511		-
Office supplies	150	61		-
Code enforcement supplies	125	236		-
Contracted services	9,265	9,900		-
Dues and subscriptions	150	100		-
Uniform allowance	250	147		-
Miscellaneous expense	100	-	-	-
Total	70,519	67,151	3,368	-
 <u>Total public safety</u>	 <u>1,722,437</u>	 <u>1,598,381</u>	 <u>124,056</u>	 <u>1,558,741</u>
Transportation				
Streets				
Salaries	267,309	224,817		239,278
Seasonal employee	-	-		812
Payroll taxes	20,067	16,586		18,192
Employee group insurance	26,599	22,773		36,119
Retirement	33,598	30,909		30,993
Retiree supplemental insurance	14,000	16,268		14,660
Street lights	17,340	17,859		18,716
Telephone	5,878	6,955		3,956
Propane	2,750	2,285		2,115
Electricity	5,700	6,578		5,185
Travel and training	500	55		482
Street surfacing and maintenance	118,273	71,453		116,401
Maintenance - other equipment	35,500	29,782		34,959
Office supplies	500	683		225
Shop supplies	4,750	7,088		4,095
Fuel, oil and tires - grader	25,000	11,262		23,076
Street culverts	10,000	2,242		1,918
Street department supplies	4,000	3,015		2,443
Safety supplies	2,600	1,591		1,410
Debris removal	4,000	5,666		2,691
Safety sign replacement	1,000	865		665
Uniforms	3,700	1,063		2,743
Contracted services	16,800	18,249		16,696
NCDOT Right of Way	4,144	3,095		1,073
Dues and subscriptions	500	-		-

**CITY OF BOILING SPRING LAKES, NORTH CAROLINA
GENERAL FUND**

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**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2021

With Comparative Actual Amounts for Year Ended June 30, 2020

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Professional services	10,000	6,107		4,689
Miscellaneous expense	2,700	1,511		2,746
Non-capital outlay - streets	-	4,298		7,841
Powell Bill survey	1,400	-		6,350
Capital outlay - vehicle	136,584	-		-
Capital outlay	<u>132,000</u>	<u>3,600</u>	<u>-</u>	<u>116,165</u>
<u>Total transportation</u>	<u>907,192</u>	<u>516,655</u>	<u>390,537</u>	<u>716,694</u>
Health and welfare				
Mosquito control				
Travel and training	500	147		76
Fuel, oil - equipment	500	63		17
Maintenance - equipment	500	-		238
Chemical supplies	4,000	-		3,549
NPDES Permit fees	<u>400</u>	<u>200</u>	<u>-</u>	<u>-</u>
<u>Total health and welfare</u>	<u>5,900</u>	<u>410</u>	<u>5,490</u>	<u>3,880</u>
Economic and physical development				
Planning and zoning				
Salaries	50,621	51,695		85,565
Professional services	5,000	1,782		1,150
Payroll taxes	3,567	3,849		5,911
Employee group insurance	7,664	7,408		15,270
Retirement	4,765	5,262		7,508
Retiree supplemental insurance	2,331	2,579		4,271
Telephone and postage	1,200	1,020		1,983
Travel and training	1,075	710		2,524
Office equipment	250	-		
Vehicle maintenance	-	-		915
Advertising	1,700	794		1,502
Gas, oil and tires	-	-		1,898
Office supplies	300	11		256
Code enforcement supplies	-	-		309
Uniform allowance	185	49		71
Contracted services	11,461	10,460		13,453
Dues and subscriptions	200	219		230
Miscellaneous	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total economic and physical development</u>	<u>90,569</u>	<u>85,838</u>	<u>4,731</u>	<u>142,816</u>

**CITY OF BOILING SPRING LAKES, NORTH CAROLINA
GENERAL FUND**

EXHIBIT B-2
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**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2021

With Comparative Actual Amounts for Year Ended June 30, 2020

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Culture and recreation				
Parks and recreation				
Bike runs	2,500	-		1,693
Community fun day	1,450	-		187
Christmas tree lighting	700	78		332
Haunted hay ride	2,950	-		1,138
Mitch Prince hoops and heros	1,500	-		1,455
Office supplies	100	184		55
Golf tournament	-	207		-
Miscellaneous	-	-	-	616
Total	<u>9,200</u>	<u>469</u>	<u>8,731</u>	<u>5,476</u>
 Community committees				
Library committee	2,000	1,822		2,117
Community appearance	1,000	575	-	646
Total	<u>3,000</u>	<u>2,397</u>	<u>603</u>	<u>2,763</u>
 Dams and lakes				
Professional services	54,000	53,300		36,000
Contracted services	41,000	510		500
Equipment maintenance	1,000	211		150
Storm debris - lakes	-	-		160
Electricity	1,500	1,721		1,561
Operating expenses	500	494		-
Water testing	1,300	2,500	-	1,500
Non-capital outlay	4,500	-	-	-
Portable pumps	1,000	-	-	-
Total	<u>104,800</u>	<u>58,736</u>	<u>46,064</u>	<u>39,871</u>
 Community Center				
Salaries	163,729	169,562		180,455
Part-time and temporary help	66,222	52,125		57,545
Payroll taxes	17,591	16,447		17,987
Retirement	24,919	25,129		24,693
Employees group insurance	20,366	19,171		23,915
Telephone and postage	4,700	4,146		3,832
Electricity, water and oil	13,600	9,237		9,207
Travel and training	2,350	540		10,911
Repairs and maintenance - parks	4,000	294		1,188
Repairs and maintenance - other	11,770	7,190		5,845
Advertising	2,000	980		1,132
Gas, oil, tires	5,000	2,165		3,938

**CITY OF BOILING SPRING LAKES, NORTH CAROLINA
GENERAL FUND**

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**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2021

With Comparative Actual Amounts for Year Ended June 30, 2020

	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Cleaning supplies	3,000	2,907		2,379
Office supplies	3,000	2,435		2,307
Uniform allowance	1,500	1,387		-
Brunswick Sr. Resource donations	-	2,007		921
Contracted services	33,828	33,508		33,125
Grants and donations	19,000	2,103		2,858
Dues and subscriptions	2,096	636		4,401
Programs	55,151	42,333		40,019
Van rental	-	-		-
Miscellaneous expense	1,200	1,168		810
Non-capital outlay	2,550	4,180		585
Capital outlay	407,500	269,279	-	43,777
Total	865,072	668,929	196,143	471,830
 <u>Total culture and recreation</u>	 982,072	 730,531	 251,541	 519,940
 Debt service				
Principal retirement	101,930	101,928	2	101,396
Interest	27,251	27,248	3	31,003
Total	129,181	129,176	5	132,399
 Contingency	 60,000	 -	 60,000	 -
 <u>Total expenditures</u>	 7,058,773	 6,102,094	 956,679	 6,166,902
 Revenues over (under) expenditures	 (1,901,827)	 (767,966)	 1,133,861	 (748,558)

CITY OF BOILING SPRING LAKES, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020

EXHIBIT B-2
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	<u>2021</u>			<u>2020</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Other financing sources (uses)				
Transfer from Spillway Cap. Project	-	-	-	9,997
Transfer from Fifty Lakes Dr. Cap Proj.	-	-	-	604,685
Transfer from Capital Reserve Fund	27,615	-	(27,615)	859
Transfer to Fifty Lakes Dr. Cap Proj.	-	-	-	(229,685)
Transfer to Spillway Cap. Project	-	-	-	(859)
Transfer to Capital Reserve Fund	-	-	-	(9,997)
Total other financing sources (uses)	<u>27,615</u>	<u>-</u>	<u>(27,615)</u>	<u>375,000</u>
Appropriated fund balance	<u>1,874,212</u>	<u>-</u>	<u>(1,874,212)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>(767,966)</u>	<u>(767,966)</u>	<u>(373,558)</u>
Fund balance, beginning		<u>3,861,191</u>		<u>4,234,749</u>
Fund balance, ending		<u>3,093,225</u>		<u>3,861,191</u>

CITY OF BOILING SPRING LAKES, NORTH CAROLINA
CAPITAL RESERVE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2021
With Comparative Actual Amounts for Year Ended June 30, 2020

EXHIBIT B-3

	2021			2020
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)	<u>Actual</u>
<u>Revenues</u>				
Miscellaneous				
Miscellaneous	-	-	-	-
Total	-	-	-	-
Total revenues	-	-	-	-
<u>Expenditures</u>				
<u>Total expenditures</u>	-	-	-	-
Revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Fund balance appropriated	-	-	-	-
Transfer from General Fund		-	-	9,997
Transfer to General Fund		-	-	(859)
Total other financing sources (uses)	-	-	-	9,138
Net change in fund balance	-	-	-	9,138
Fund balance, beginning		40,177		31,039
Fund balance, ending		40,177		40,177

OTHER SCHEDULES

CITY OF BOILING SPRING LAKES, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2021

EXHIBIT C-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021		1,287,808	1,265,725	22,083
2019-2020	26,767	-	14,983	11,784
2018-2019	10,398	-	3,864	6,534
2017-2018	6,262	-	1,527	4,735
2016-2017	5,479	-	1,163	4,316
2015-2016	4,732	-	1,070	3,662
2014-2015	8,358	-	3,423	4,935
2013-2014	3,787	-	801	2,986
2012-2013	4,575	-	699	3,876
2011-2012	3,715	-	1,718	1,997
2010-2011	<u>2,116</u>	<u>-</u>	<u>2,116</u>	<u>-</u>
	<u>76,189</u>	<u>1,287,808</u>	<u>1,297,089</u>	66,908
Less allowance for doubtful accounts:				
General Fund				<u>20,090</u>
Ad valorem taxes receivable - net				<u>46,818</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund			1,305,766	
Reconciling items:				
Interest collected			(11,875)	
Amounts written off per statute of limitations			2,936	
Tax releases/adjustments			<u>262</u>	
Total collections and credits			<u>1,297,089</u>	

CITY OF BOILING SPRING LAKES, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
For the Fiscal Year Ended June 30, 2021

EXHIBIT C-2

	City-Wide			Total Levy	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property excl Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property taxed at current year's rate	492,424,391	0.23	1,132,576	1,132,576	-
Motor vehicles taxed at current year's rate	67,379,565	0.23	154,973	-	154,973
Penalties	<u>-</u>		<u>259</u>	<u>259</u>	<u>-</u>
 Total property valuation	<u><u>559,803,956</u></u>				
 Net levy			1,287,808	1,132,835	154,973
 Uncollected at June 30, 2021			<u>22,083</u>	<u>22,083</u>	<u>-</u>
 Current year's taxes collected			<u>1,265,725</u>	<u>1,110,752</u>	<u>154,973</u>
 Current levy collection percentage			98.3%	98.1%	100.0%

COMPLIANCE SECTION

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

Independent Auditors' Report

To the Honorable Mayor and the
Board of Commissioners
City of Boiling Spring Lakes
Boiling Spring Lakes, NC 28461

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Boiling Spring Lakes, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the City of Boiling Spring Lakes' basic financial statements, and have issued our report thereon, dated December 16, 2021. Our report includes a reference to other auditors who audited the financial statements of the Town of Boiling Spring Lakes ABC Board, as described in our report on the City of Boiling Spring Lakes' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Boiling Spring Lakes Board of Alcoholic Control were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Boiling Spring Lakes' internal control over financial reporting 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 City of Boiling Spring Lakes' internal control as a basis for designing our auditing procedures 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 City of Boiling Spring Lakes' internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Boiling Spring Lakes' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.


Certified Public Accountants

Southport, North Carolina
December 16, 2021

City of Boiling Spring Lakes, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2021

There are no prior audit findings in the prior two years.