

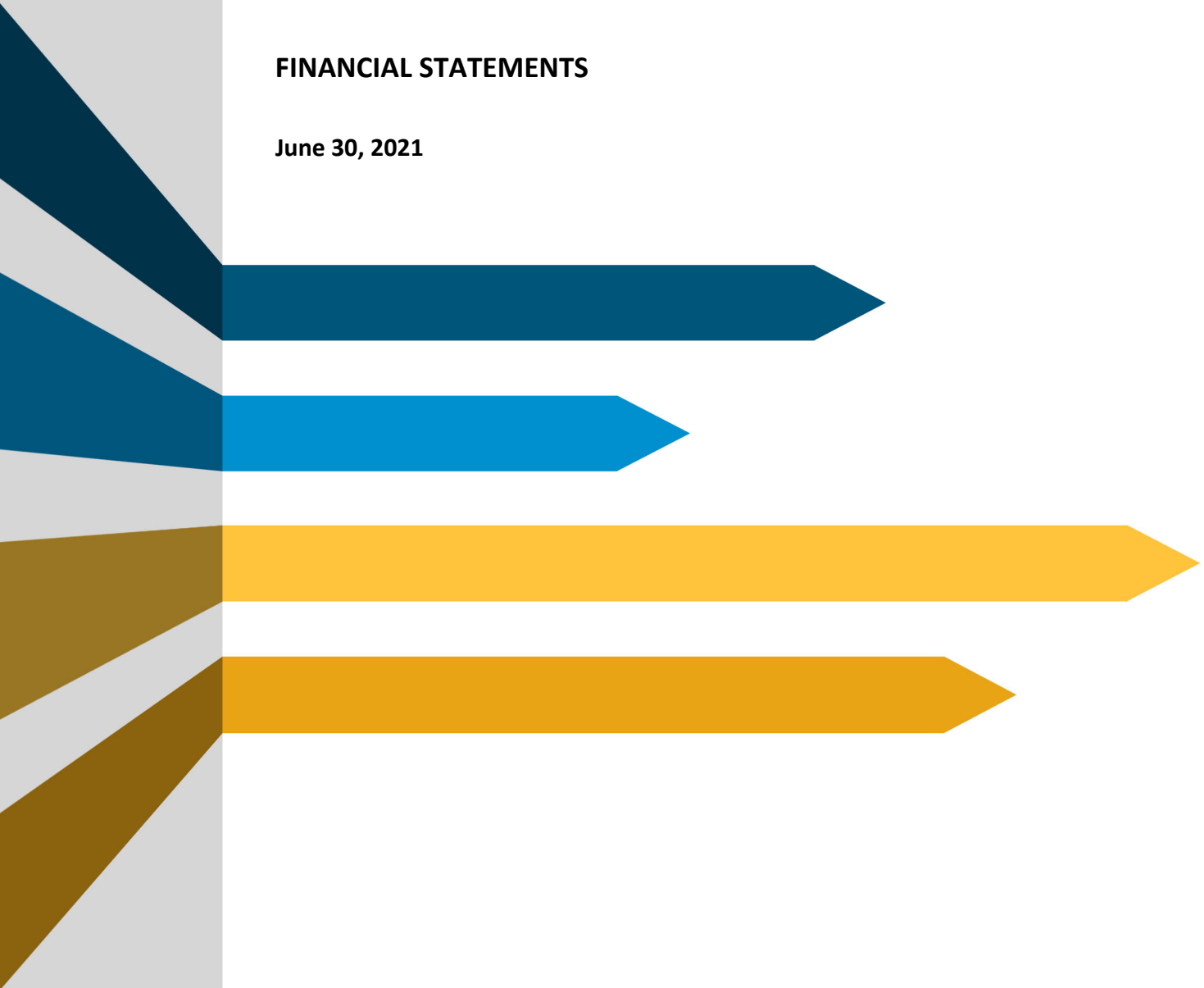
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By SLGFD at 9:51 am, Dec 07, 2021

Town of Bridgeton

FINANCIAL STATEMENTS

June 30, 2021





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FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Bridgeton, North Carolina ("Town"), as of and for the year ended June 30, 2021 and the related notes to the financial statements, which collectively comprises the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the Town as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows, 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 Management's Discussion and Analysis on pages 4 through 12 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 48 and 49, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

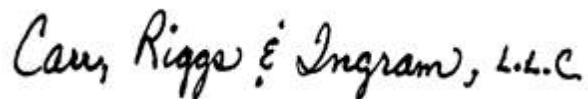
Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town. The individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021 on our consideration of Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive, flowing style.

New Bern, North Carolina
November 30, 2021

Town of Bridgeton Management's Discussion and Analysis

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

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,508,594 (*net position*).
- The government's total net position increased by \$79,289, primarily due to increases in the business-type activities net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$348,096, a decrease of \$77,161 in comparison with the prior year. Approximately 19.73% of this total amount, or \$68,689, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$279,407 or 39.06% of total General Fund expenditures for the fiscal year.

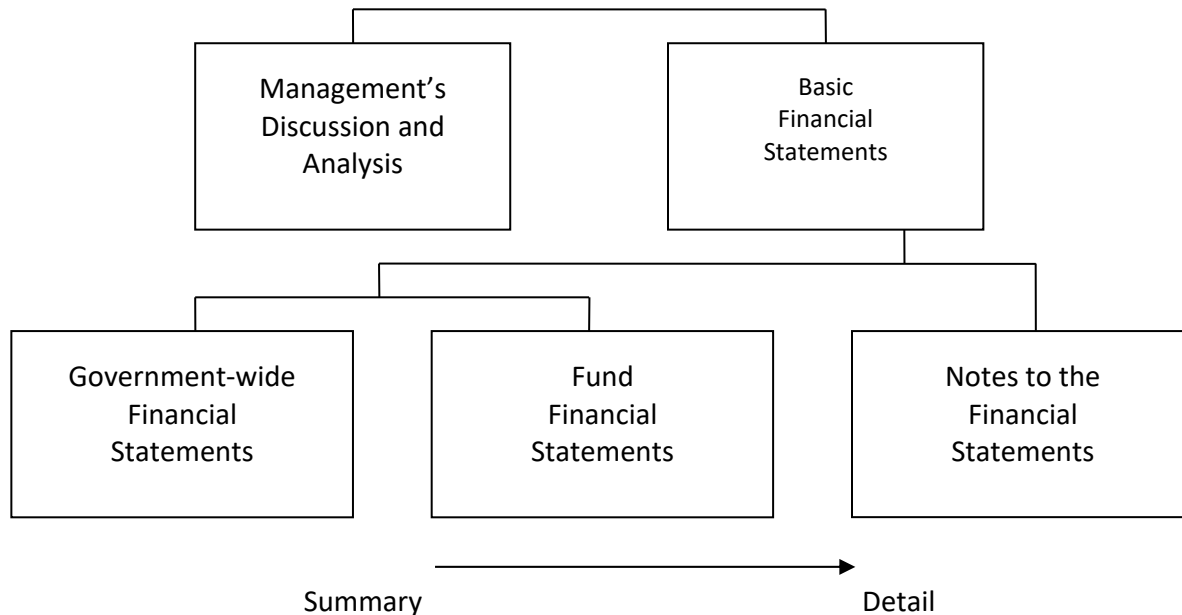
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (*see Figure 1*). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town.

Town of Bridgeton Management's Discussion and Analysis

Required Components of Annual Financial Report

Figure 1



Basis Financial Statements

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

The next statements (*Exhibits 3 through 8*) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, the **Required Supplemental Information** provides information about participation in the Local Government Employee Retirement System and **Supplemental Information** is provided to show details about the Town's individual funds and tax related information. Budgetary information required by the General Statutes also can be found in this part of the statements.

Town of Bridgeton Management's Discussion and Analysis

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The fund financial statements (*see Figure 1*) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (*or non-compliance*) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town 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 Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* 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 Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Town of Bridgeton Management's Discussion and Analysis

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

Proprietary Funds – The Town has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

Other Information – In addition to basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 48 of this report.

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

Town of Bridgeton Management's Discussion and Analysis

Town of Bridgeton's Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 372,409	\$ 516,373	\$ 100,724	\$ 112,015	\$ 473,133	\$ 628,388
Restricted assets	29,249	15,488	24,237	21,886	53,486	37,374
Capital assets	332,207	261,598	965,672	857,469	1,297,879	1,119,067
Deferred outflows of resources	31,073	29,113	-	-	31,073	29,113
Total assets and deferred outflows of resources	764,938	822,572	1,090,633	991,370	1,855,571	1,813,942
Current liabilities	35,413	93,780	103,126	28,283	138,539	122,063
Long-term liabilities	55,938	68,076	145,792	191,984	201,730	260,060
Deferred inflows of resources	6,708	2,514	-	-	6,708	2,514
Total liabilities and deferred inflows of resources	98,059	164,370	248,918	220,267	346,977	384,637
Net investment in capital assets	332,207	251,010	819,880	665,485	1,152,087	916,495
Restricted net position	68,614	56,798	-	-	68,614	56,798
Unrestricted net position	266,058	350,394	21,835	105,618	287,893	456,012
Total net position	\$ 666,879	\$ 658,202	\$ 841,715	\$ 771,103	\$ 1,508,594	\$ 1,429,305

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by \$1,508,594 as of June 30, 2021. The Town's net position increased by \$79,289 for the fiscal year ended June 30, 2021. However, the largest portion (76.37%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$68,614 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$287,893 is unrestricted.

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

- Increases in operating grants
- Increases in property tax and other tax revenues
- Diligence in controlling cost

Town of Bridgeton Management's Discussion and Analysis

Town of Bridgeton's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 8,558	\$ 9,178	\$ 182,994	\$ 177,087	\$ 191,552	\$ 186,265
Operating grants	105,115	50,166	-	15,563	105,115	65,729
Capital grants	-	-	-	-	-	-
General revenues:						
Property taxes	315,764	300,727	-	-	315,764	300,727
Other taxes	226,920	198,256	-	-	226,920	198,256
Investment earnings	-	-	20	74	20	74
Other revenues	25,399	2,403	-	18,032	25,399	20,435
Total revenues	681,756	560,730	183,014	210,756	864,770	771,486
Expenses:						
General government	311,995	273,033	-	-	311,995	273,033
Public safety	179,501	204,822	-	-	179,501	204,822
Transportation	70,684	68,019	-	-	70,684	68,019
Environmental protection	13,596	12,477	-	-	13,596	12,477
Cultural and recreation	139	2,988	-	-	139	2,988
Interest expense	630	1,225	-	-	630	1,225
Sewer	-	-	208,936	237,001	208,936	237,001
Total expenses	576,545	562,564	208,936	237,001	785,481	799,565
Transfers	(96,534)	(79,394)	96,534	79,394	-	-
Increase (decreases) in net position	8,677	(81,228)	70,612	53,149	79,289	(28,079)
Net position, beginning	658,202	739,430	771,103	717,954	1,429,305	1,457,384
Net position, ending	\$ 666,879	\$ 658,202	\$ 841,715	\$ 771,103	\$ 1,508,594	\$ 1,429,305

Governmental activities: Governmental activities increased the Town's net position by \$8,677. Key elements of the increase are as follows:

- Increase in operating grants
- Increase in property taxes and other tax revenues
- Continued diligence in controlling costs

Business-type activities: Business-type activities increased the Town's net position by \$70,612. Key elements of this increase are as follows:

- Increase in charges for services
- Decrease in operating expenses
- Transfer of assets from the General Fund

Town of Bridgeton Management's Discussion and Analysis

Financial Analysis of the Town of Bridgeton's Funds

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

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. Specifically, unreserved 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 Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$279,407, while total governmental fund balance reached \$348,096. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The Town currently has an available fund balance of 39.06% of total General Fund expenditures, and total fund balance represents 48.66% of the same amount.

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

There were several reasons the Town revised its budget throughout the year. They also had increases in capital outlays, repairs and maintenance as well as additional grant funding obtained.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to \$21,835. The total increase in net position for this fund was \$70,612. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business-type activities.

Town of Bridgeton Management's Discussion and Analysis

Capital Assets. As of June 30, 2021, the Town's investment in capital assets for its governmental and business-type activities totals \$1,297,879.

Major capital asset transactions during the year include the following additions:

- Culvert replacement project
- Corrosion improvement project
- Public safety vehicle
- Purchase of land for sewer expansion

No major disposals were recorded this year.

Town of Bridgeton's Capital Assets (net of depreciation)							
	Governmental Activities		Business-type Activities		Total		
	2021	2020	2021	2020	2021	2020	
Land	\$ 20,300	\$ 20,300	\$ 68,853	\$ 8,653	\$ 89,153	\$ 28,953	
Construction in progress	-	58,334	-	-	-	58,334	
Buildings and improvements	252,679	140,342	896,819	848,816	1,149,498	989,158	
Machinery and equipment	2,021	3,813	-	-	2,021	3,813	
Vehicles and motorized equipment	57,207	38,809	-	-	57,207	38,809	
Total assets	\$ 332,207	\$ 261,598	\$ 965,672	\$ 857,469	\$ 1,297,879	\$ 1,119,067	

Additional information on the Town's capital assets can be found in the Note 3 of the basic financial statements.

Long-term Debt. As of June 30, 2021, the Town had total debt outstanding of \$201,730. All of Town's bonded debt is backed by the full faith and credit of the Town.

Town of Bridgeton's Outstanding Debt							
	Governmental Activities		Business-type Activities		Total		
	2021	2020	2021	2020	2021	2020	
Capital lease obligation	\$ -	\$ 10,588		\$ -	\$ -	\$ 10,588	
Net pension liabilities (LRS)	46,455	48,884	-	-	46,455	48,884	
Compensated absences	9,483	8,604	-	-	9,483	8,604	
General obligation bonds	-	-	145,792	191,984	145,792	191,984	
Total	\$ 55,938	\$ 68,076	\$ 145,792	\$ 191,984	\$ 201,730	\$ 260,060	

The Town's total long-term obligations decreased by \$58,330 (22.43%) during the past fiscal year, primarily due to principal payments made.

Town of Bridgeton

Management's Discussion and Analysis

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for Town is \$5,084,065.

Additional information regarding the Town's long-term debt can be found in Note 3 of the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

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

- The Town of Bridgeton is currently experiencing moderate growth in new housing starts as well as growth in new businesses.
- The Town expects building, governmental activities and business-type activities to increase town revenues slightly, but expenditures will also increase slightly to provide services for the Town's growth as well as to address the financial impact of the COVID-19 virus.
- The Town continues to explore grant opportunities to benefit the Town's sewer projects.
- There were no significant rate increases included in the FY22 budget.

Request for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Mayor, Town of Bridgeton, P.O. Box 570, Bridgeton, NC, 28519 (252) 637-3697.

Town of Bridgeton
Statement of Net Position
June 30, 2021
Exhibit 1

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 388,904	\$ -	\$ 388,904
Taxes receivable (net)	18,149	-	18,149
Accounts receivable (net)	39,365	26,640	66,005
Prepaid assets	75	-	75
Internal balances	(74,084)	74,084	-
Restricted cash and cash equivalents	29,249	24,237	53,486
Total current assets	401,658	124,961	526,619
Noncurrent assets:			
Capital assets:			
Land and construction in progress	20,300	68,853	89,153
Capital assets, net of depreciation	311,907	896,819	1,208,726
Total capital assets	332,207	965,672	1,297,879
Total assets	733,865	1,090,633	1,824,498
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	31,073	-	31,073
LIABILITIES			
Current liabilities:			
Cash overdraft	-	73,772	73,772
Accounts payable and accrued liabilities	35,413	5,117	40,530
Customer deposits	-	24,237	24,237
Current portion of long-term liabilities	2,500	47,374	49,874
Total current liabilities	37,913	150,500	188,413
Long-term liabilities:			
Net pension liability	46,455	-	46,455
Due in more than one year	6,983	98,418	105,401
Total liabilities	91,351	248,918	340,269
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	6,708	-	6,708
NET POSITION			
Net investment in capital assets	332,207	819,880	1,152,087
Restricted for:			
Stabilization by State Statute	39,365	-	39,365
Streets - Powell Bill	29,249	-	29,249
Unrestricted	266,058	21,835	287,893
Total net position	\$ 666,879	\$ 841,715	\$ 1,508,594

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

Town of Bridgeton
Statement of Activities
For the Year Ended June 30, 2021
Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
Functions/ Programs	Expenses	Charges for Services	Operating	Capital Grants	Primary Government			Total
			Grants and Contributions	and Contributions	Governmental Activiities	Business-type Activities		
Primary government:								
Governmental activities:								
General government	\$ 311,995	\$ 6,533	\$ 80,393	\$ -	\$ (225,069)	\$ -	\$ (225,069)	
Public safety	179,501	2,025	10,493	-	(166,983)	-	(166,983)	
Transportation	70,684	-	14,229	-	(56,455)	-	(56,455)	
Environmental protection	13,596	-	-	-	(13,596)	-	(13,596)	
Cultural and recreation	139	-	-	-	(139)	-	(139)	
Interest expense	630	-	-	-	(630)	-	(630)	
Total governmental activities	576,545	8,558	105,115	-	(462,872)	-	(462,872)	
Business-type activities:								
Sewer	208,936	182,994	-	-	-	(25,942)	(25,942)	
Total primary government	\$ 785,481	\$ 191,552	\$ 105,115	\$ -	(462,872)	(25,942)	(488,814)	
General revenues:								
Taxes:								
Property taxes, levied for general purposes					315,764	-	315,764	
Other taxes					226,920	-	226,920	
Investment earnings					-	20	20	
Miscellaneous					25,399	-	25,399	
Total general revenues not including transfers					568,083	20	568,103	
Transfers					(96,534)	96,534	-	
Change in net position					8,677	70,612	79,289	
Net position, beginning					658,202	771,103	1,429,305	
Net position - ending					\$ 666,879	\$ 841,715	\$ 1,508,594	

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

Town of Bridgeton
Balance Sheet – Governmental Fund
June 30, 2021
Exhibit 3

	Major Fund
	General
ASSETS	
Cash and cash equivalents	\$ 388,904
Restricted cash	29,249
Ad valorem taxes receivable (net)	18,149
Accounts receivable	39,365
Prepaid expenses	75
Total assets	\$ 475,742
LIABILITIES	
Accounts payable and accrued liabilities	\$ 35,413
Due to other funds	74,084
Total liabilities	109,497
DEFERRED INFLOWS OF RESOURCES	
Property tax receivable	18,149
FUND BALANCES	
Non spendable	
Prepaid expenses	75
Restricted	
Stabilization of State Statute	39,365
Streets - Powell Bill	29,249
Unassigned	279,407
Total fund balances	348,096
Total liabilities, deferred inflows of resources and fund balances	\$ 475,742

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

Town of Bridgeton
Reconciliation of the Governmental Fund Balance
Sheet to the Statement of Net Position
June 30, 2021
Exhibit 3

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

Total fund balances - governmental funds	\$	348,096
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	897,269	
Accumulated depreciation	<u>(565,062)</u>	332,207
Deferred outflows of resources related to pensions are not reported in the funds		31,073
Earned revenues considered deferred inflows of resources in the fund statements		18,149
Deferred inflows of resources related to pensions are not reported in the funds		(6,708)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Net pension liability		(46,455)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		(9,483)
Net position of governmental funds	\$	<u>666,879</u>

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

Town of Bridgeton
Statement of Revenues, Expenditures, and Changes
In Fund Balance – Governmental Fund
For the Year Ended June 30, 2021
Exhibit 4

	Major Fund General
REVENUES	
Ad valorem taxes	\$ 310,439
Unrestricted intergovernmental	226,920
Restricted intergovernmental	105,115
Permits and fees	8,558
Miscellaneous	25,399
Total revenues	676,431
EXPENDITURES	
Current:	
General government	306,597
Public safety	159,755
Transportation	69,126
Environmental protection	13,597
Cultural and recreation	139
Debt service	11,218
Capital outlay	154,960
Total expenditures	715,392
Excess (deficiency) of revenues over expenditures	(38,961)
OTHER FINANCING SOURCES (USES)	
Transfer to Sewer Capital Improvement Fund	(60,200)
Transfer to Sewer Fund	22,000
Total other financing sources (uses)	(38,200)
Net change in fund balances	(77,161)
Fund balances - beginning	425,257
Fund balances - ending	\$ 348,096

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

Town of Bridgeton

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
In Fund Balance of the Governmental Fund to the Statement of Activities**

For the Year Ended June 30, 2021

Exhibit 4

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances to the
Statement of Activities:

Net change in fund balances - governmental funds	\$	(77,161)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized		154,960
Book value of transferred assets		(58,334)
Depreciation expense for governmental assets		(26,017)

Contributions to the pension plan in the current fiscal year		15,023
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenue		5,325
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of those differences in the treatment of long-term debt and related items.

Principal payments on capital lease obligation		10,588
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(879)
Pension expense		(14,828)

Total changes in net position of governmental activities	\$	8,677
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The notes to the financial statements are an integral part of this statement.

Town of Bridgeton
Statement of Revenues, Expenditures and Changes
In Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2021
Exhibit 5

	General Fund				Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts		
REVENUES					
Ad valorem taxes	\$ 277,000	\$ 277,000	\$ 310,439	\$	33,439
Unrestricted intergovernmental	161,645	161,645	226,920		65,275
Restricted intergovernmental	290,910	295,910	105,115		(190,795)
Permits and fees	9,900	9,900	8,558		(1,342)
Miscellaneous	35	25,035	25,399		364
Total revenues	739,490	769,490	676,431		(93,059)
EXPENDITURES					
Current:					
General government	473,497	335,497	306,597		28,900
Public safety	314,964	234,964	159,755		75,209
Transportation	175,046	228,046	69,126		158,920
Environmental protection	36,000	21,000	13,597		7,403
Cultural and recreation	10,000	10,000	139		9,861
Debt service	11,219	11,219	11,218		1
Capital outlay	-	155,000	154,960		40
Total expenditures	1,020,726	995,726	715,392		280,334
Revenues over (under) expenditures	(281,236)	(226,236)	(38,961)		187,275
OTHER FINANCING SOURCES (USES)					
Transfer to Sewer Capital Improvement Fund	-	-	(60,200)		(60,200)
Transfer to Sewer Fund	-	(75,000)	-		75,000
Transfer from Sewer Fund	-	-	22,000		22,000
Total other financing sources (uses)	-	(75,000)	(38,200)		36,800
Fund balance appropriated	491,646	491,646	-		(491,646)
Net change in fund balances	\$ 210,410	\$ 190,410	(77,161)	\$	(267,571)
Fund balances - beginning			425,257		
Fund balances - ending			\$ 348,096		

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

Town of Bridgeton
Statement of Net Position
Proprietary Fund
For the Year Ended June 30, 2021
Exhibit 6

Sewer Fund

ASSETS

Current assets:

Restricted cash and cash equivalents	\$ 24,237
Accounts receivable (net)	26,640
Advances to other funds	74,084
Total current assets	124,961

Noncurrent assets:

Capital assets:	
Land and construction in progress	68,853
Capital assets, net of depreciation	896,819
Total capital assets	965,672
Total noncurrent assets	965,672
Total assets	1,090,633

LIABILITIES

Current liabilities:

Cash overdraft	73,772
Accounts payable and accrued liabilities	5,117
Customer deposits	24,237
General obligation bonds payable	47,374
Total current liabilities	150,500

Noncurrent liabilities:

General obligation bonds payable	98,418
Total liabilities	248,918

NET POSITION

Net investment in capital assets	819,880
Unrestricted	21,835
Total net position	\$ 841,715

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

Town of Bridgeton
Statement of Revenues, Expenses and Changes
In Net Position – Proprietary Fund
For the Year Ended June 30, 2021
Exhibit 7

	Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 182,994
OPERATING EXPENSES	
Sewer treatment and distribution	138,687
Depreciation	65,334
Total operating expenses	204,021
Operating loss	(21,027)
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	20
Interest and other charges	(4,915)
Total nonoperating revenues	(4,895)
Loss before contributions and transfers	(25,922)
Book value of transferred assets	58,334
Transfer from General Fund	38,200
Change in net position	70,612
Total net position, beginning	771,103
Total net position, ending	\$ 841,715

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

Town of Bridgeton
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021
Exhibit 8

	Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 168,577
Cash paid for goods and services	(139,967)
Customer deposits received	4,930
Customer deposits returned	(2,579)
Net cash provided by operating activities	30,961
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	20
Net cash flow provided by investing activities	20
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Temporary bank overdraft	73,772
Advances to other funds	(80,000)
Transfer from other funds	60,200
Transfer to other funds	(22,000)
Net cash flow used by noncapital financing activities	31,972
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(115,203)
Interest paid on bonds	(4,915)
Principal paid on bonds	(46,192)
Net cash used by capital and related financing activities	(166,310)
Net decrease in cash and cash equivalents	(103,357)
Balances, beginning of year	127,594
Balances, ending of year	\$ 24,237
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (21,027)
Adjustments to reconcile loss to cash provided by operations:	
Depreciation	65,334
(Increase) decrease in accounts receivable (net)	(14,417)
Increase (decrease) in accounts payable	(1,280)
Increase (decrease) in customer deposits	2,351
Total adjustments	51,988
Net cash provided by operating activities	\$ 30,961

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Bridgeton (the “Town”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected mayor and a six-member council.

B. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Town’s funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise fund:

Sewer Fund. This fund is used to account for the Town's sewer operations.

C. Measurement Focus and Basis of Accounting

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the sewer system. Operating expenses for enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using a 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicle 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. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The Town's investments are generally reported at fair value. 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, it is presented as an investment with maturity of less than 6 months.

2. Cash and Cash Equivalents

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Restricted Assets

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

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 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. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Capital Assets (continued)

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

<u>Asset Class</u>	<u>Useful Lives</u>
Buildings	50
Machinery and equipment	10
Improvements	25
Infrastructure	30
Vehicles	6
Computer equipment	3

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion – pension deferrals in the 2021 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meets the criterion for this category- property taxes receivable and pension deferrals.

8. Long-Term Obligations

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

9. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

10. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represent 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 three classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balance 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.

Prepaid expenses – portion of fund balance that is not an available resource because it represents prepaid amounts, which are not spendable resources.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Net Position/Fund Balances (continued)

The governmental fund types classify fund balances as follows:

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Bridgeton's employer contributions are recognized when due and the Town of Bridgeton 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.

12. Use of Estimates

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

13. Future Accounting Pronouncements – Accounting Standards Issued but Not Yet Effective

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Future Accounting Pronouncements – Accounting Standards Issued but Not Yet Effective

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Future Accounting Pronouncements – Accounting Standards Issued but Not Yet Effective

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Future Accounting Pronouncements – Accounting Standards Issued but Not Yet Effective

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this Statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement.

The Town is evaluating the requirements of the above statements and the impact on reporting.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Noncompliance with North Carolina General Statutes

The Town is in violation of N.C. General Statute 159-8(a). State law requires a balanced budget be adopted for each fund with the sum of estimated net revenues and appropriated fund balance equal to appropriations. The original budget adopted for the General Fund is out of balance by \$210,410 and the Sewer Fund is out of balance by \$15,000. Management has reviewed its budget procedures and will verify calculations and implement review procedures to avoid errors in future years.

In addition, the Town is in violation of N.C. General Statute 159-13(a) and 159-15. State law requires the budget ordinance to authorize all expenditures, except those authorized by project ordinances, internal service funds, and trust and custodial funds. In addition, it also requires the adopted budget amendments to remain balanced and authorize expenditures in accordance with G.S. 159-13. The Town adopted several budget amendments during the year that were not balanced by fund. As such, transfers between funds were out of balance and expenditures exceed the authorized budget ordinance. Management has reviewed its budget procedures and will provide additional training to ensure all future budget amendments are balanced for each fund upon adoption.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

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

At June 30, 2021, the Town's deposits had a carrying amount of \$368,418 and a bank balance of \$370,326. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$200.

2. Receivables - Allowances for Doubtful Accounts

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

General Fund:

Taxes receivable	\$	41,901
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Enterprise Fund:

Sewer accounts receivable		7,100
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Total	\$	49,001
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Town of Bridgeton
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

A. Assets

3. Capital Assets

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

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 20,300	\$ -	\$ -	\$ -	\$ 20,300
Construction in progress	58,334	-	58,334	-	-
Total capital assets not being depreciated	78,634	-	58,334	-	20,300
Capital assets being depreciated:					
Buildings	219,681	178,294	-	(58,334)	339,641
Machinery and equipment	302,652	-	-	-	302,652
Computer software	21,055	-	-	-	21,055
Vehicles and motorized equipment	178,621	35,000	-	-	213,621
Total capital assets being depreciated	722,009	213,294	-	(58,334)	876,969
Less accumulated depreciation for:					
Buildings	79,339	7,623	-	-	86,962
Machinery and equipment	298,839	1,792	-	-	300,631
Computer software	21,055	-	-	-	21,055
Vehicles and motorized equipment	139,812	16,602	-	-	156,414
Total accumulated depreciation	539,045	\$ 26,017	\$ -	\$ -	565,062
Total capital assets being depreciated, net	182,964				311,907
Governmental activities capital assets net	<u>\$ 261,598</u>				<u>\$ 332,207</u>

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

General government	\$ 4,163
Public safety	19,773
Transportation	<u>2,081</u>
Total depreciation expense	<u>\$ 26,017</u>

Town of Bridgeton
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

3. Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 8,653	\$ 60,200	\$ -	\$ -	\$ 68,853
Total capital assets not being depreciated	8,653	60,200	-	-	68,853
Capital assets being depreciated:					
Plant and distribution system	2,317,825	55,003	-	58,334	2,431,162
Total capital assets being depreciated	2,317,825	55,003	-	58,334	2,431,162
Less accumulated depreciation for:					
Plant and distribution system	1,469,009	65,334	-	-	1,534,343
Total accumulated depreciation	1,469,009	\$ 65,334	\$ -	\$ -	1,534,343
Total capital assets being depreciated, net	848,816				896,819
Business-type activities capital assets net	<u>\$ 857,469</u>				<u>\$ 965,672</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Bridgeton is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

a. Local Governmental Employees' Retirement System (continued)

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. Town of Bridgeton employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Bridgeton's contractually required contribution rate for the year ended June 30, 2021, was 9.70% of compensation for law enforcement officers and 8.95% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Bridgeton were \$15,023 for the year ended June 30, 2021.

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

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

At June 30, 2021, the Town reported a liability of \$46,455 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 Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020, the Town's proportion was 0.0013%, which was a decrease of 0.00049% from its proportion measured as of June 30, 2019.

Town of Bridgeton
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

a. Local Governmental Employees' Retirement System (continued)

For the year ended June 30, 2021, the Town recognized pension expense of \$14,828. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,866	\$ -
Changes of assumptions	3,457	-
Net difference between projected and actual earnings on pension plan investments	6,538	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	189	6,708
Town contributions subsequent to the measurement date	15,023	-
Total	\$ 31,073	\$ 6,708

\$15,023 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 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	\$ 2,415
2023	3,707
2024	1,284
2025	1,936
2026	-
Thereafter	-
Total	\$ 9,342

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

a. Local Governmental Employees' Retirement System (continued)

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	3.00 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:

Town of Bridgeton
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

a. Local Governmental Employees' Retirement System (continued)

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 94,251	\$ 46,455	\$ 6,732

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

a. Local Governmental Employees' Retirement System (continued)

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

b. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$4,797, which consisted of \$2,294 from the Town and \$2,503 from the law enforcement officers.

The Town also contributes 5% of each employees' gross salary to 401(k) accounts for non-law enforcement employees. The total contributions for the year ended June 30, 2021 were \$9,299, which consisted of \$4,564 from the Town and \$4,735 from employees.

c. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

c. Other Employment Benefits (continued)

Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position is comprised of the following:

Differences between expected and actual experience	\$ 5,866
Changes of assumptions	3,457
Net difference between projected and actual earnings on pension plan investments	6,538
Changes in proportion and differences between Town contributions and proportionate share of contributions	189
Town contributions subsequent to the measurement date	15,023
Total	\$ 31,073

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

Source	Statement of Net Position	General Fund Balance Sheet
Changes in proportion and differences between Town contributions and proportionate share of contributions	\$ 6,708	\$ -
Taxes receivable, less penalties (General Fund)	-	18,149
Total	\$ 6,708	\$ 18,149

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

3. Risk Management

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

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

The Town carries flood insurance through the National Flood Insurance Plan (NFIP). The Town is not in an area of the State that has been mapped and designated an "A" area.

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

4. Long-Term Obligations

a. General Obligation Bonds

The Town's general obligation bonds serviced by the Sewer Fund were issued for the construction of sewer treatment facilities. Those general obligation bonds issued to finance the construction of facilities utilized in the operation of the sewer system and are being retired by its resources are reported as long-term debt in the Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Town of Bridgeton
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

a. General Obligation Bonds (continued)

Bonds payable at June 30, 2021 are comprised of the following individual issues:

\$524,456, 2013 Sanitary Sewer Refunding Bonds due on June 1 in installments of \$51,106 through June 1, 2024; interest at 2.56%	<u><u>\$ 145,792</u></u>
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Annual debt service requirements to maturity for long-term obligations are as follows:

Year Ending June 30	Business-type activities	
	Principal	Interest
2022	\$ 47,374	\$ 3,732
2023	48,587	2,519
2024	49,831	1,276
Total	<u><u>\$ 145,792</u></u>	<u><u>\$ 7,527</u></u>

At June 30, 2021, the Town of Bridgeton has a legal debt margin of \$5,084,065.

b. Changes in Long-Term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Capital lease obligation	\$ 10,588	\$ -	\$ 10,588	\$ -	\$ -
Net pension liabilities (LGRS)	48,884	-	2,429	46,455	-
Compensated absences	8,604	2,610	1,731	9,483	2,500
Governmental long-term liabilities	<u>68,076</u>	<u>2,610</u>	<u>14,748</u>	<u>55,938</u>	<u>2,500</u>
Business-type activities:					
General obligation bonds	\$ 191,984	\$ -	\$ 46,192	\$145,792	\$ 47,374

Town of Bridgeton
Notes to Financial Statements

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

C. Fund Balance

The following schedule provides management and citizens with information in the portion of General Fund balance that is available for appropriation.

Total Fund Balance - General Fund	\$ 348,096
Less:	
Non Spendable - Prepaids	75
Stabilization by State Statute	39,365
Streets - Powell Bill	29,249
Remaining Fund Balance	\$ 279,407

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 5 – INTERFUND BALANCES AND TRANSFER ACTIVITY

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

Transfer from the General Fund to the Sewer Capital Fund for the purchase of land	\$ (60,200)
Transfer from General Fund to Sewer Fund to supplement other funding sources	22,000
Transfer of Fixed Asset from General Fund to Sewer Fund	(58,334)
Total	\$ (96,534)

Town of Bridgeton
Town's Proportionate Share of Net Pension Liability
Local Government Employees' Retirement System
Required Supplementary Information
Last Eight Fiscal Years *

	2021	2020	2019	2018	2017	2016	2015	2014
Bridgeton's proportion of the net pension liability (asset) (%)	0.00130%	0.00179%	0.00241%	0.00222%	0.00229%	0.00218%	0.00289%	0.0023%
Bridgeton's proportion of the net pension liability (asset) (\$)	\$ 46,455	\$ 48,884	\$ 50,768	\$ 33,915	\$ 48,601	\$ 16,426	\$ 12,856	\$ 21,697
Bridgeton's covered payroll	\$ 111,100	\$ 127,594	\$ 156,159	\$ 122,157	\$ 135,963	\$ 167,711	\$ 142,076	\$ 172,030
Bridgeton's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	41.81%	38.31%	32.51%	27.76%	35.75%	9.79%	9.05%	12.61%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. All information available for reporting under current GASB codification is presented. As information becomes available, it will be included in the above table.

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

Town of Bridgeton
Schedule of Contributions
Local Government Employees' Retirement System
Required Supplementary Information
Last Eight Fiscal Years *

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contributions	\$ 15,023	\$ 10,464	\$ 10,236	\$ 12,109	\$ 10,864	\$ 12,321	\$ 11,941	\$ 10,130
Contributions in relation to the contractually required contributions	<u>15,023</u>	<u>10,464</u>	<u>10,236</u>	<u>12,109</u>	<u>10,864</u>	<u>12,321</u>	<u>11,941</u>	<u>10,130</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Bridgeton's covered-employee payroll	\$ 144,613	\$ 111,100	\$ 127,594	\$ 156,159	\$ 122,157	\$ 135,963	\$ 167,711	\$ 142,076
Contributions as a percentage of covered employee payroll	10.39%	9.42%	8.02%	7.75%	8.89%	9.06%	7.12%	7.13%

* All information available for reporting under current GASB codification is presented. As information becomes available, it will be included in the above table.

Town of Bridgeton
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes			
Taxes		\$ 309,775	
Penalties and interest		664	
Total	\$ 277,000	310,439	\$ 33,439
Unrestricted intergovernmental			
Local option sales tax		184,977	
Utility franchise tax		39,675	
Beer and wine tax		1,925	
Solid waste disposal tax		343	
Total	161,645	226,920	65,275
Restricted intergovernmental			
Public safety grant		10,493	
Unauthorized substance tax		297	
CARES funds		7,593	
Disaster relief grant		72,503	
Powell Bill allocation		14,229	
Total	295,910	105,115	(190,795)
Permits and fees			
Zoning permits		175	
Building permits		6,358	
Court costs and fees		2,025	
Total	9,900	8,558	(1,342)
Miscellaneous			
Donations		25,000	
Other		399	
Total	25,035	25,399	364
Total revenues	769,490	676,431	(93,059)

Town of Bridgeton
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES			
General government			
Administration			
Salaries and benefits		152,621	
Telephone and postage		3,143	
Supplies and printing		3,769	
Dues		754	
Computer maintenance		4,094	
Collection fees		1,400	
Professional fees		85,190	
Insurance		31,390	
Public buildings		22,145	
Other expenditures		2,091	
Total general government	335,497	306,597	28,900
Public safety			
Police			
Salaries and benefits		133,419	
Repairs and maintenance		6,332	
Automobile expenditures		6,919	
Departmental supplies		2,523	
Telephone and utilities		5,364	
Grant expenditures		5,198	
Total public safety	234,964	159,755	75,209

Town of Bridgeton
Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Transportation			
Salaries and benefits		44,451	
Repairs and maintenance		20,579	
Departmental supplies		4,096	
Total transportation	228,046	69,126	158,920
Environmental protection			
Sanitation services	21,000	13,597	7,403
Cultural and recreation			
Other expenditures	10,000	139	9,861
Debt service			
Principal		10,588	
Interest		630	
Total debt service	11,219	11,218	1
Capital outlay	155,000	154,960	40
Total expenditures	995,726	715,392	280,334
Revenues over (under) expenditures	(226,236)	(38,961)	187,275
OTHER FINANCING SOURCES (USES)			
Transfer to Sewer Capital Improvement Fund	-	(60,200)	(60,200)
Transfer from Sewer Fund	-	22,000	22,000
Transfer to Sewer Fund	(75,000)	-	75,000
Total	(75,000)	(38,200)	36,800
Fund balance appropriated	491,646	-	(491,646)
Net change in fund balance	\$ 190,410	(77,161)	\$ (267,571)
Fund balance, beginning		425,257	
Fund balance, ending		\$ 348,096	

Town of Bridgeton
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Sewer Fund
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues			
Charges for services	\$ 166,780	\$ 182,994	\$ 16,214
Nonoperating revenues			
Investment earnings		20	
Total	-	20	20
Total revenues	166,780	183,014	16,234
EXPENDITURES			
Sewer treatment and distribution			
Contract services		36,904	
Utilities		29,411	
Supplies and materials		1,854	
Repairs and maintenance		46,129	
Chemicals		10,500	
Lab expense		13,029	
Permits		860	
Total	182,214	138,687	43,527
Capital outlay	60,000	55,003	4,997

Town of Bridgeton
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Sewer Fund
For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Debt service			
Principal		46,192	
Interest		4,915	
Total	54,566	51,107	3,459
Total expenditures	296,780	244,797	51,983
Revenues over (under) expenditures	(130,000)	(61,783)	68,217
OTHER FINANCING SOURCES (USES)			
Transfer from General Fund	115,000	-	(115,000)
Transfer to General Fund	(20,000)	(22,000)	(2,000)
Total	95,000	(22,000)	(117,000)
Revenues over (under) expenditures and other financing uses	\$ (35,000)	(83,783)	\$ (48,783)

Reconciliation from budgetary basis to full accrual:

Reconciling items:

Capital outlay	55,003
Book value of transferred assets	58,334
Transfer from General Fund to Sewer Capital Improvement Fund	60,200
Debt principal	46,192
Depreciation	(65,334)
Total reconciling items	154,395
Change in net position	\$ 70,612

Town of Bridgeton
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
Sewer Capital Improvement Fund
From Inception and For the Year Ended June 30, 2021

	Project Authorization	Prior Year	Current Year	Total to Date	Variance
EXPENDITURES					
Capital outlay	\$ 115,838	\$ -	60,200	\$ 60,200	\$ 55,638
Revenues over (under) expenditures	(115,838)	-	(60,200)	(60,200)	55,638
OTHER FINANCING SOURCES					
Transfer from General Fund	115,838	-	60,200	60,200	(55,638)
Other financing sources over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Town of Bridgeton
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Fiscal Year	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 326,866	\$ 309,775	\$ 17,091
2019-2020	14,755	-	4,116	10,639
2018-2019	4,121	-	137	3,984
2017-2018	2,948	-	213	2,735
2016-2017	2,890	-	179	2,711
2015-2016	6,764	-	22	6,742
2014-2015	5,458	-	87	5,371
2013-2014	3,699	-	-	3,699
2012-2013	4,077	-	16	4,061
2011-2012	3,184	-	167	3,017
2010-2011	2,829	-	2,829	-
	<u>\$ 50,725</u>	<u>\$ 326,866</u>	<u>\$ 317,541</u>	<u>60,050</u>
Less: allowance for uncollectible amounts				<u>(41,901)</u>
Ad valorem taxes receivable - net				<u>\$ 18,149</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 310,439
Penalties and interest				(664)
Taxes written off				<u>7,766</u>
Total collections and credits				<u>\$ 317,541</u>

Town of Bridgeton
Analysis of Current Tax Levy
Town-Wide Levy
For the Year Ended June 30, 2021

	Property Valuation	Rate	Total Levy	Total Levy	
				Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Property taxed at current	\$ 66,309,815	0.50	\$ 331,549	\$ 313,741	\$ 17,808
Abatements	(936,600)		(4,683)	(4,609)	(74)
Total property valuation	<u>\$ 65,373,215</u>				
Net levy			\$ 326,866	\$ 309,132	\$ 17,734
Uncollected taxes at June 30, 2021			17,091	17,091	-
Current year's tax collected			<u>\$ 309,775</u>	<u>\$ 292,041</u>	<u>\$ 17,734</u>
Current levy collection percentage			<u>94.77%</u>	<u>94.47%</u>	<u>100.00%</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Bridgeton, North Carolina (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statement, which collectively comprises the Town's basic financial statements, and have issued our report thereon dated November 30, 2021.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

We consider the deficiency described in the accompanying schedule of findings and responses as item 2021-1 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2021-2, 2021-3 and 2021-4 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Town's Response to Finding

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

Purpose of this Report

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

Car, Riggs & Ingram, L.L.C.

November 30, 2021
New Bern, North Carolina

Town of Bridgeton
Schedule of Findings and Responses
For the Year Ended June 30, 2021

FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNEESS

2021-1 Key account reconciliations

Criteria: To ensure accurate and timely financial reporting, management must reconcile several key account areas on a routine basis. Reconciling these accounts ensure the general ledger reflects changes in financial conditions and provides accurate reporting. Accurate and timely adjustments to the general ledger from account reconciliations are essential to ensure accurate and timely financial functions can be performed.

Condition: Significant key account areas were not reconciled or reviewed during the June 30, 2021 fiscal year. These included the following:

- Bank accounts – The bank statements for the Town were not properly reconciled for during the year. As a result, several errors were observed, including improper recording of ad valorem tax revenues.

Effect: The following were noted as a result of the conditions noted above:

- Bank account reconciliations – As a result of the accounts not being reconciled, multiple entries were required to adjust operating account balances with the net effect of entries totaling \$112,526, primarily due to one ad valorem tax deposit not being recorded.

Cause: The primary financial reporting team within the Town did not have significant experience with proper processes regarding reconciliations as staff members were assigned new roles and responsibilities. As a result, several tasks and processes were not performed accurately.

Recommendation: The Town should create a monthly financial close listing, including all key accounts and reconciliations that are required. When processing each financial close, the Town should identify the individuals with information necessary to process the close and information needed, and establish a routine timeframe for closing each month.

Views of responsible officials: The Town agrees with this finding and has set forth a corrective action plan.

Corrective action: The Town has begun identifying areas where reconciliations are required and adding them to the monthly and quarterly standard accounting close processes. Management is in the process of reorganizing functions within the finance department that will improve processes and ensure key accounts are reconciled timely and accurately. Implementation of new controls are being addressed and should be completed no later than December 31, 2021.

Town of Bridgeton
Schedule of Findings and Responses
For the Year Ended June 30, 2021

FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

2021-2 Noncompliance with North Carolina G.S. 159-8(a)

Criteria: State law requires each local government to operate under an annual balanced budget ordinance. A budget ordinance is considered balanced when the sum of estimated net revenues and appropriated fund balance is equal to appropriations. 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 year.

Condition: The original budget adopted by the Town Council was for the year ended June 30, 2021 was out of balance, whereas total revenues and appropriated fund balance exceeded appropriations in the General Fund by \$210,410 in the General Fund and \$15,000 in the Sewer Fund.

Effect: The Town was in violation of North Carolina G.S. 159-8(a) and operated under an unbalanced budget for the year.

Cause: A mathematical error was made in preparing the original budget. Proper review procedures were not in place to identify the error before presentation to the board for adoption.

Recommendation: Management and the financial staff should receive additional training regarding proper budgetary procedures and implement a review procedure to ensure budgets are adopted in accordance with State law going forward.

Views of responsible officials: The Town agrees with this finding and has set forth a corrective action plan.

Corrective action: The Town staff will receive additional training in proper budgetary procedures and will implement a review procedure to ensure all budgets are balanced prior to presentation to the town council. Implementation of additional training and new controls are being addressed and should be completed no later than December 31, 2021.

Town of Bridgeton
Schedule of Findings and Responses
For the Year Ended June 30, 2021

FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

2021-3 Noncompliance with North Carolina G.S. 159-15

Criteria: State law allows each local government to amend the budget ordinance at any time after the ordinance's adoption in any manner, so long as the ordinance, as amended, continues to satisfy the requirements of G.S. 159-8. North Carolina G.S. 159-8 requires each local government to operate under an annual balanced budget ordinance.

Condition: The Town adopted budget amendments on several occasions during the year that did not balance by fund. As such, transfers between the General and Sewer Funds were not balanced for the year ended June 30, 2021.

Effect: The Town was in violation of North Carolina G.S. 159-15 and adopted budget amendments that did not meet state law requirements.

Cause: The Town adopted several budget amendments during the year that did not balance by fund. As such, transfers between the General Fund and Sewer Fund were not balanced.

Recommendation: Management and the financial staff should receive additional training regarding proper budgetary procedures and implement a review procedure to ensure budgets are balanced and adopted in accordance with State law going forward.

Views of responsible officials: The Town agrees with this finding and has set forth a corrective action plan.

Corrective action: The Town staff will receive additional training in proper budgetary procedures and will implement a review procedure to ensure all budgets are balanced prior to presentation to the town council. Implementation of additional training and new controls are being addressed and should be completed no later than December 31, 2021.

Town of Bridgeton
Schedule of Findings and Responses
For the Year Ended June 30, 2021

FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

2021-4 Noncompliance with North Carolina G.S. 159-13(a)

Criteria: State law requires all expenditures be authorized by budget ordinance, except those authorized by project ordinances, internal service funds, and trust and custodial funds.

Condition: The Town's transfer of money from the Sewer Fund to the General Fund exceeded the budget ordinance by \$2,000. In addition, a corresponding transfer into the General Fund was not properly budgeted. As such, budgeted transfers between the General Fund and Sewer Fund were unbalanced and actual transfer from the Sewer Fund exceed the budget ordinance for the year ended June 30, 2021.

Effect: The Town was in violation of North Carolina G.S. 159-13(a) and incurred expenditures that were not properly authorized by the budget ordinance per state law requirements.

Cause: The Town transferred funds from the Sewer Fund to the General Fund that were not properly authorized by the budget ordinance.

Recommendation: Management and the financial staff should receive additional training regarding proper budgetary procedures and implement a review procedure to ensure expenditures and transfers do not exceed the budget ordinance.

Views of responsible officials: The Town agrees with this finding and has set forth a corrective action plan.

Corrective action: The Town staff will receive additional training in proper budgetary procedures and will implement a review procedure to ensure all expenditures are properly authorized by the budget ordinance. Implementation of additional training and new controls are being addressed and should be completed no later than December 31, 2021.