



REVIEWED

By SLGFD at 4:06 pm, Dec 16, 2021

Darrell L. Keller, CPA, PA

TOWN OF CASAR
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

(704) 739-0771

**Town of Casar, North Carolina
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June 30, 2021**

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council
Town of Casar
Casar, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Town of Casar, North Carolina as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Town of Casar, North Carolina, as of June 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

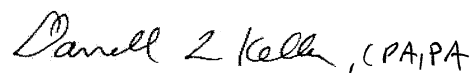
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–10 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 my 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 Town of Casar, North Carolina's basic financial statements. The individual fund financial statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial 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 and the procedures performed as described above, the individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Darrell L. Keller, CPA, PA
Kings Mountain, North Carolina
November 30, 2021

Town of Casar Management's Discussion and Analysis

As management of the Town of Casar, we offer readers of the Town of Casar's financial statements this narrative overview and analysis of the financial activities of the Town of Casar 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 of Casar exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$144,106 (*net position*).
- The government's total net position increased by \$3,136.
- As of the close of the current fiscal year, the Town of Casar's governmental fund reported ending fund balance of \$84,612 an increase of \$4,764 in comparison with the prior year. Approximately 94.39 percent of this total amount, or \$79,873, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$79,873, or 228.94 percent of total general fund expenditures for the fiscal year.

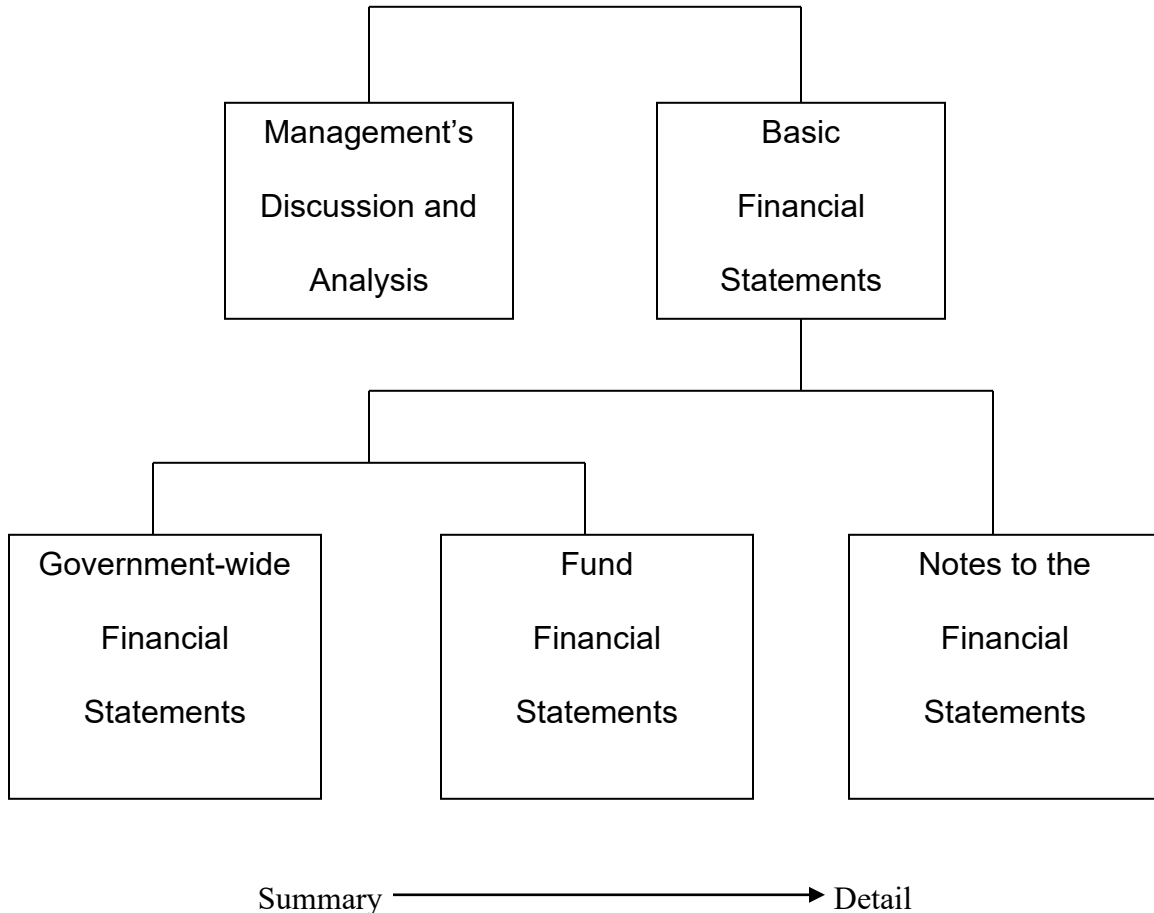
Overview of the Financial Statements

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

Town of Casar
Management's Discussion and Analysis

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's

Town of Casar
Management's Discussion and Analysis

individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

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

The government-wide statements present one category: governmental 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 government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Town of Casar
Management's Discussion and Analysis

The Town of Casar 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 – Town of Casar has no proprietary fund.

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 16 of this report.

Government-Wide Financial Analysis

Town of Casar's Net Position
Figure 2

	Activities	
	2021	2020
Current and other assets	\$ 92,989	\$ 81,156
Capital assets	59,260	60,734
Total assets	152,249	141,890
Long-term liabilities outstanding	-	-
Other liabilities	8,143	920
Total liabilities	8,143	920
Net position:		
Net Investment in capital assets	59,260	60,734
Restricted	4,739	4,138
Unrestricted	80,107	76,098
Total net position	\$ 144,106	\$ 140,970

Town of Casar
Management's Discussion and Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Casar exceeded liabilities and deferred inflows by \$151,613 as of June 30, 2021. The Town's net position increased by \$10,643 for the fiscal year ended June 30, 2021. However, the largest portion (39.42%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Casar uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Casar'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. The remaining balance of \$87,394 is unrestricted.

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

- The Town collected 96.86% of property taxes.

Town of Casar Changes in Net Position
Figure 3

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 8,975	\$ 5,412
Charges for services	-	-
General revenues:		
Property taxes	7,450	6,765
Other taxes	22,950	22,867
Unrestricted investment earnings	73	71
Other	50	890
Total revenues	39,498	36,005
Expenses:		
General government	12,410	12,401
Cultural and recreation	23,952	21,581
Total expenses	36,362	33,982
Increase in net position	3,136	2,023
Net position, July 1	140,970	138,947
Net position, June 30	\$ 144,106	\$ 140,970

Town of Casar
Management's Discussion and Analysis

Governmental activities. Governmental activities increased the Town's net position by \$3,136. Key elements of this increase are as follows:

Business-type activities: The Town of Casar has no business-type activities.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Casar's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Casar'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 of Casar. At the end of the current fiscal year, Town of Casar's fund balance available in the General Fund was \$79,873, while total fund balance reached \$84,612. The Governing Body of Town of Casar has determined that the Town should maintain an available fund balance of 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 228.94% of general fund expenditures, while total fund balance represents 242.52% 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.

Proprietary Funds. The Town of Casar has no proprietary fund.

Capital Asset and Debt Administration

Capital assets. The Town of Casar's investment in capital assets for its governmental activities as of June 30, 2021, totals \$59,760 (net of accumulated depreciation). These assets include buildings, land, equipment, and park facilities.

There were no major additions or disposals of capital assets during the current year.

Town of Casar
Management's Discussion and Analysis

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

Figure 4

	Governmental Activities	
	2021	2020
Land	\$ 43,323	\$ 43,323
Buildings and system	-	-
Park and improvements	15,937	17,411
Machinery and equipment	-	-
Infrastructure	-	-
Total	<u>\$ 59,260</u>	<u>\$ 60,734</u>

Additional information on the Town's capital assets can be found in note III. A. 3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2021, the Town of Casar has no outstanding debt.

**Town of Casar's Outstanding Debt
General Obligation and Revenue Bonds**

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Casar is \$1,180,800.

Economic Factors and Next Year's Budgets and Rates

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

- Property tax collections remained high.

Impact of COVID-19 on the Town

The Coronavirus had minimal effect on the Town from an operational point of view. State shared revenues were down for the last quarter of the fiscal year and the Town expects the revenues to be down for the upcoming fiscal year due to the closure of businesses.

Town of Casar
Management's Discussion and Analysis

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: Property taxes are expected to remain steady.

Budgeted expenditures in the General Fund are expected to remain steady.

Business – type Activities: The Town of Casar has no business-type activities.

The Town has received \$14,583 in Local Fiscal Recovery Funds through the American Rescue Plan and is participating in training in order to properly budget and expend these funds

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Casar, PO Box 128, Casar, NC 28020.

Basic Financial Statements

Town of Casar, North Carolina
Statement of Net Position
June 30, 2021

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 88,016
Taxes receivables (net)	234
Due from other governments	4,739
Prepaid Expenses	-
Total current assets	<u>92,989</u>
Capital assets (Note 1):	
Land, non-depreciable improvements, and construction in progress	43,323
Other capital assets, net of depreciation	<u>15,937</u>
Total capital assets	<u>59,260</u>
Total assets	<u>\$ 152,249</u>
LIABILITIES	
Current liabilities:	
Payroll Taxes payable	\$ -
Accounts Payable	<u>8,143</u>
Total liabilities	<u>8,143</u>
NET POSITION	
Net investment in capital assets	59,260
Restricted for:	
Stabilization by State Statute	4,739
Prepaid expense	-
Unrestricted	<u>80,107</u>
Total net position	<u>\$ 144,106</u>

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

Exhibit 2

**Town of Casar, North Carolina
Statement of Activities
For the Year Ended June 30, 2021**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:				
Governmental Activities:				
General government	\$ 12,410	\$ -	\$ -	\$ (12,410)
Cultural and Recreational	23,952	8,975	-	(14,977)
Total governmental activities (See Note 1)	36,362	8,975	-	(27,387)
General revenues:				
Taxes:				
Property taxes, levied for general purpose				7,450
Other taxes				22,950
Unrestricted investment earnings				73
Miscellaneous				50
Total general revenues				30,523
Change in net position				3,136
Net position, beginning				140,970
Net position, ending				\$ 144,106

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

Exhibit 3

**TOWN OF CASAR, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUND
YEAR ENDED JUNE 30, 2021**

	<u>Assets</u>	
	General Fund	Total
Assets:		
Cash and Savings	\$ 88,016	\$ 88,016
Taxes Receivable (net)	234	234
Due From Other Governments	4,739	4,739
Prepaid Expenses	-	-
Total Assets	<u>\$ 92,989</u>	<u>\$ 92,989</u>
	<u>Liabilities and Fund Balance</u>	
Liabilities:		
Payroll Taxes	\$ -	\$ -
Accounts Payable	8,143	8,143
Total Liabilities	<u>8,143</u>	<u>8,143</u>
Deferred Inflows of Resources		
Property Taxes Receivable	<u>234</u>	<u>234</u>
Fund Balance:		
Nonspendable		
Prepaid Expenses	-	-
Restricted		
Stabilization by State Statute	4,739	4,739
Unassigned	79,873	79,873
Total Fund Balance	<u>84,612</u>	<u>84,612</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 92,989</u>	<u>\$ 92,989</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	\$ 59,260
Liabilities for earned but unavailable revenues in fund statements	<u>234</u>
Net position of governmental activities	<u>\$ 144,106</u>

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

Exhibit 4

**TOWN OF CASAR, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Total Governmental Fund
Revenues		
Ad Valorem Taxes	\$ 7,604	\$ 7,604
Other Taxes and Licenses	22,950	22,950
Cleveland County Recreation Grant	8,975	8,975
Investment Earnings	73	73
Other Revenue	50	50
	<hr/>	<hr/>
Total Revenues	39,652	39,652
	<hr/>	<hr/>
Expenditures		
Current:		
General Government	12,410	12,410
Cultural and Recreational	22,478	22,478
	<hr/>	<hr/>
Total Expenditures	34,888	34,888
	<hr/>	<hr/>
Revenues Over (Under) Expenditures	4,764	4,764
	<hr/>	<hr/>
Fund Balance Beginning of Year	79,848	79,848
	<hr/>	<hr/>
Fund Balance End of Year	\$ 84,612	\$ 84,612
	<hr/> <hr/>	<hr/> <hr/>

Amounts reported for governmental activities are different because:

Net change in fund balance-governmental funds	\$ 4,764
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	(1,474)
Rounding	-
Change in unearned revenue for tax revenues	(154)
Total changes in net position of governmental activities	<hr/> \$ 3,136 <hr/>

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

**TOWN OF Casar, NORTH CAROLINA
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues				
Ad Valorem Taxes	\$ 7,372	\$ 7,372	\$ 7,604	\$ 232
Other Taxes and Licenses	25,533	25,533	22,950	(2,583)
Cleveland County Recreation Grant	5,490	5,490	8,975	3,485
Investment Earnings	16	16	73	57
Other Revenue	7,500	7,500	50	(7,450)
Total Revenues	45,911	45,911	39,652	(6,259)
Expenditures				
General Governments	12,775	12,775	12,410	365
Cultural and Recreation	33,136	33,136	22,478	10,658
Total Expenditures	45,911	45,911	34,888	11,023
Revenues Over(Under) Expenditures	-	-	4,764	4,764
Other Financing Sources				
Fund Balance Surplus	-	-	-	-
Revenues and Other Financing Sources Over(Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	4,764	<u>\$ 4,764</u>
Fund Balance Beginning of Year			79,848	
Fund Balance End of Year			<u>\$ 84,612</u>	

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

Town of Casar, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Casar conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Casar is a municipal corporation located in Cleveland County that is governed by an elected mayor and a three-member council who are elected for a two-year term. The Town Council and Mayor are responsible for day-to-day operations of the Town and the collection and disbursement of funds and preparation of the annual budget. The Town has no departments, such as police, fire, and sanitation.

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 Town of Casar has no business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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 Town has no fiduciary funds to present. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Town of Casar has no proprietary funds.

Town of Casar, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

C. Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. 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.

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

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

Town of Casar, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Casar because the tax is levied by Cleveland 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. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board. 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 with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

Town of Casar, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

2. Cash and Cash Equivalents

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

3. 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.

4. 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.

5. Prepaid Items

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

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 as follows: land, \$5,000; Buildings and improvements \$5,000; infrastructure, \$20,000; furniture and equipment, \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	25
Buildings	25
Improvements	10
Furniture and equipment	10

Town of Casar, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

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 no items that meet this criterion. In addition to liabilities, the statement of financial position will sometimes report a 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 one item that meets the criterion for this category-property taxes receivable.

8. Long-Term Obligations

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

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.

The Town of Casar had no debt as of June 30, 2021.

8. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balance as follows:

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

Town of Casar, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

Prepaid items-portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items which are not spendable resources.

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

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

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

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

Subsequent year's expenditures-portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the finance director to modify the appropriations by resource or appropriation within funds up to \$2,500.

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

The Town of Casar has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: loan proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of

Town of Casar, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

fund balance classification expenditures are to be spent from restricted funds first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Director has the authority to deviate from this policy if it is in the best interest of the Town.

II. Stewardship, Compliance, and Accountability

A. Violations of Finance Related Legal and Contractual Provisions

None

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in 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 agents 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 policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount of \$88,016 and a bank balance of \$88,016. All of the bank balance was covered by federal depository insurance.

2. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

Fund	6/30/2021
General Fund:	
Taxes receivable	\$ 71

Town of Casar, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

3. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 43,323	\$ -	\$ -	\$ 43,323
Construction in progress	-	-	-	-
Total capital assets not being depreciated	43,323	-	-	43,323
Capital assets being depreciated:				
Buildings	22,107	-	-	22,107
Infrastructure	15,361	-	-	15,361
Equipment	20,317	-	-	20,317
Park and Improvements	158,092	-	-	158,092
Total capital assets being depreciated	215,877	-	-	215,877
Less accumulated depreciation for:				
Buildings	22,107	-	-	22,107
Infrastructure	4,449	474	-	4,923
Equipment	13,818	1,000	-	14,818
Park and Improvements	158,092	-	-	158,092
Total accumulated depreciation	198,466	\$ 1,474	\$ -	199,940
Total capital assets being depreciated, net	17,411			15,937
Governmental activity capital assets, net	<u>\$ 60,734</u>			<u>\$ 59,260</u>

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

Cultural and Recreation	<u>\$ 1,474</u>
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B. Liabilities

1. Deferred Outflows and Inflows of Resources

Deferred Inflows of Resources at year-end is composed of the following elements:

	Unavailable Revenue	Unearned Revenue
Taxes receivable (General Fund)	\$ 234	\$ -
	<u>\$ 234</u>	<u>\$ -</u>

2. 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 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 does not have flood insurance. The Town does have the \$50,000 fidelity bond required by state statutes.

Town of Casar, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021

C. Fund Balance

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

<i>Total fund balance-General Fund</i>	<i>\$84,612</i>
Less;	
Stabilization by State Statute	4,739
Prepaid Expenses	-
Appropriated Fund Balance in 2022 budget	1,000
Working Capital / Fund Balance Policy	-
Remaining Fund Balance	78,873

The Town of Casar has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 8% of budgeted expenditures.

IV. Summary Disclosure of Significant Contingencies

None.

V. Impact of COVID-19 on the Town

COVID-19 had little effect on the Town from an operational point. State shared revenues were down in the last quarter of the year and the Town expects revenues to be down for the next fiscal year as well.

Subsequent to year end the Town received \$14,583 in Local Fiscal Recovery Funds through the American Rescue Plan and is participating in training in order to properly budget and expend these funds.

Supplementary Statements

<p>This section contains additional statements required by the Local Government Commission in North Carolina.</p>

**TOWN OF CASAR, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEARS ENDED JUNE 30**

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues				
Ad Valorem Taxes				
Taxes	\$ 7,372	\$ 7,520	\$ 148	\$ 6,551
Interest	-	84	84	42
Total	<u>7,372</u>	<u>7,604</u>	<u>232</u>	<u>6,593</u>
Other Taxes and Licenses				
Sales and Use Tax	-	2,408	2,408	2,022
Hold Harmless Tax	-	645	645	623
Beer and Wine Tax	533	1,274	741	1,274
Franchise Tax	25,000	18,623	(6,377)	18,948
	<u>25,533</u>	<u>22,950</u>	<u>(2,583)</u>	<u>22,867</u>
Restricted Intergovernmental				
Cleveland County				
Recreation Grant	5,490	8,975	3,485	5,412
	<u>5,490</u>	<u>8,975</u>	<u>3,485</u>	<u>5,412</u>
Other Revenue	6,500	-	(6,500)	890
Donations	-	-	-	-
Rent	1,000	50	(950)	-
Investment Earnings	16	73	57	71
	<u>7,516</u>	<u>123</u>	<u>(7,393)</u>	<u>961</u>
Total Revenues	<u>\$ 45,911</u>	<u>\$ 39,652</u>	<u>\$ (6,259)</u>	<u>\$ 35,833</u>

**TOWN OF CASAR, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEARS ENDED JUNE 30**

	2021			2020
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures				
General Governments				
Legal, Audit and Advertising	\$ 8,000	\$ 7,775	\$ 225	\$ 7,825
Salaries and Benefits	1,630	1,615	15	1,615
Election Expenses	1,100	-	1,100	-
Tax Collection Expense	-	198	(198)	125
Bond Insurance	720	631	89	600
Other Operating Expenses	1,325	2,191	(866)	2,236
	<u>12,775</u>	<u>12,410</u>	<u>365</u>	<u>12,401</u>
Cultural and Recreation				
Insurance	1,550	2,631	(1,081)	2,175
Utilities	16,500	10,647	5,853	11,329
Special Events	4,675	-	4,675	3,750
Repairs and Maintenance	10,411	9,200	1,211	3,353
Capital Outlay	-	-	-	6,999
	<u>33,136</u>	<u>22,478</u>	<u>10,658</u>	<u>27,606</u>
Total Expenditures	<u>45,911</u>	<u>34,888</u>	<u>11,023</u>	<u>40,007</u>
Revenue Over(Under) Expenditures	-	4,764	11,821	(4,174)
Other Financing Sources				
Fund Balance Surplus	-	-	-	-
Revenues and Other Financing				
Sources Over(Under) Expenditures	<u>\$ -</u>	<u>4,764</u>	<u>\$ 11,821</u>	<u>(4,174)</u>
Fund Balance Beginning of Year		<u>79,848</u>		<u>84,022</u>
Fund Balance End of Year		<u>\$ 84,612</u>		<u>\$ 79,848</u>

Other Schedules

This section contains additional information required on property taxes.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

Schedule 2

TOWN OF CASAR, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2020</u>	<u>Additions</u>	<u>Collections</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 7,380	\$ 7,148	\$ 232
2019-2020	360	-	330	30
2018-2019	86	-	83	3
2017-2018	-	-	-	-
2016-2017	(1)	-	(1)	-
2015-2016	2	-	-	2
2014-2015	2	-	-	2
2013-2014	4	-	-	4
2012-2013	12	-	1	11
2011-2012	20	-	-	20
2010-2011	17	-	17	-
Ad Valorem Taxes Receivable	<u>\$ 502</u>	<u>\$ 7,380</u>	<u>\$ 7,578</u>	304
Allowance for Doubtful Accounts				71
Taxes Receivable				<u>\$ 233</u>
Reconcilement with Revenues:				
Ad Valorem Taxes				<u>\$ 7,520</u>
Reconciling items:				
Discounts				12
Adjustments				46
Total Reconciling items				<u>58</u>
Total Collections and Credits				<u>\$ 7,578</u>

Schedule 3

**TOWN OF CASAR, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
JUNE 30, 2021**

	District-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$ 14,760,000	\$ 0.05	\$ 7,380	\$ 6,158	\$ 1,222
Discoveries:					
Current Year Taxes	-	0.05	-	-	-
Total Property Valuation	<u>\$ 14,760,000</u>		7,380	6,158	1,222
Net Levy:					
Uncollected Taxes at June 30, 2021			232	226	6
Current Year's Taxes Collected			<u>\$ 7,148</u>	<u>\$ 5,932</u>	<u>\$ 1,216</u>
Current Levy Collection Percentage			<u>96.86%</u>	<u>96.33%</u>	<u>99.51%</u>