

REVIEWED

By SLGFD at 9:29 am, Nov 19, 2021

**TOWN OF CEDAR POINT,
NORTH CAROLINA**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

MAYOR

Scott Hatsell

COMMISSIONERS

Pam Castellano

Frankie Winberry

John Nash

Gary Bray

TOWN MANAGER

David M. Rief

Town of Cedar Point, North Carolina
Table of Contents
June 30, 2021

| <u>Exhibit</u> | | <u>Page(s)</u> |
|-----------------------|---|-----------------------|
| | Financial Section: | |
| | Independent Auditor's Report | 1 - 3 |
| | Management's Discussion and Analysis | 4 - 10 |
| | Basic Financial Statements: | |
| | Government-wide Financial Statements: | |
| 1 | Statement of Net Position | 11 |
| 2 | Statement of Activities | 12 |
| | Fund Financial Statements: | |
| 3 | Balance Sheet - Governmental Funds | 13 |
| 3 | Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | |
| 4 | Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 14 |
| 4 | Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 15 |
| 5 | Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual - General Fund | 16 |
| | Notes to the Financial Statements | 17-28 |
| | Required Supplemental Financial Data: | |
| | Schedule of the Proportionate Share of the Net Pension Liability – Local Government Employees' Retirement System | 29 |
| | Schedule of Contributions – Local Government Employees' Retirement System | 30 |
| | Individual Fund Statements and Schedules: | |
| | Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund | 31 - 33 |
| | Other Schedules: | |
| | Schedule of Ad Valorem Taxes Receivable | 34 |
| | Schedule of Current Year Tax Levy - Town - Wide Levy | 35 |
| | Compliance: | |
| | Report on Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> | 36 - 37 |
| | Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act | 38 - 39 |
| | Schedule of Findings and Responses | 40 - 41 |
| | Schedule of Federal and State Awards | 42 |

FINANCIAL SECTION



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Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, each major fund, and the aggregate remaining fund information of the Town of Cedar Point, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Cedar Point, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our

audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund statements, budgetary schedules, Schedule of Expenditures of Federal and State Awards, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2021, on our consideration of the Town of Cedar Point's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cedar Point's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., PA
Wilmington, North Carolina
October 25, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As management of the Town of Cedar Point (the "Town"), we offer readers of the Town of Cedar Point's financial statements this narrative overview and analysis of the financial activities of the Town of Cedar Point for the fiscal year ended June 30, 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

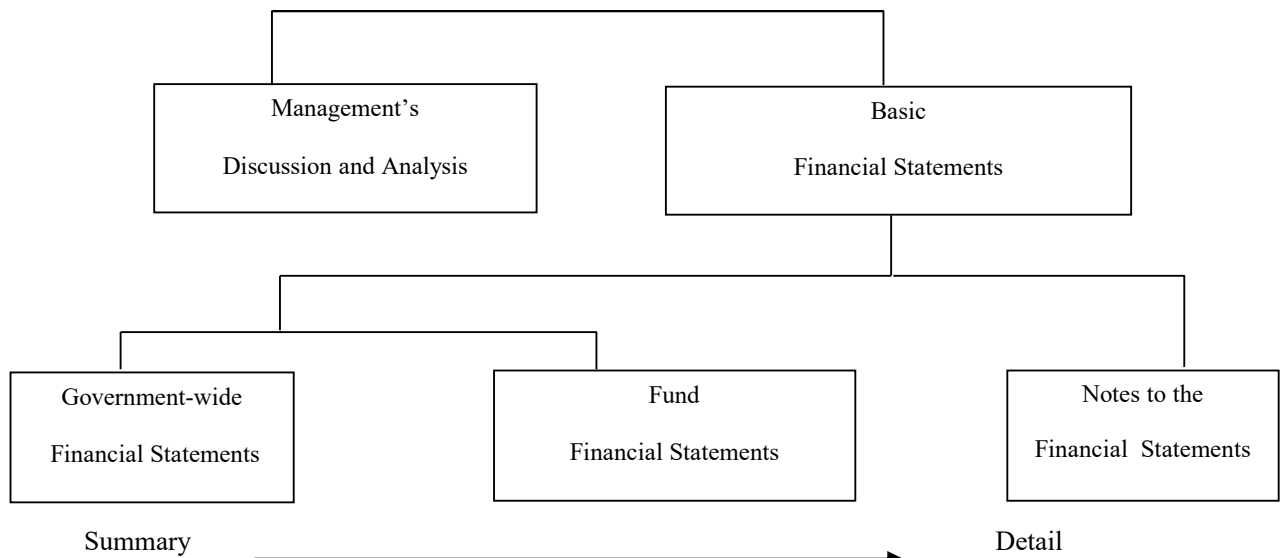
- The assets and deferred outflows of resources of the Town of Cedar Point exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,902,864 (net position).
- The government's total net position increased by \$978,072 due to an increase in the governmental type activities.
- As of the close of the current fiscal year, the Town of Cedar Point's general fund reported an ending fund balance of \$1,242,555 with a net increase of \$379,763 in Fund Balance. Approximately 84% of this total amount, or \$1,048,802 is available for spending at the government's discretion.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are 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 additional details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

Government-Wide Financial Statements

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

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

The government-wide statements are of the 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 Cedar Point, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the Town's budget ordinance. All the funds of the Town of Cedar Point can be divided into one category: governmental funds.

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow Exhibit 5 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Cedar Point’s progress in funding its obligation to provide pension benefits to its employees.

Interdependence with other Entities - The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

Government-Wide Financial Analysis

The Town of Cedar Point's Net Assets
Figure 2

| | Governmental Activities | |
|-----------------------------------|----------------------------|--------------|
| | 2021 | 2020 |
| Current and other assets | | |
| Capital assets | \$ 1,264,873 | \$ 899,152 |
| Total assets | 3,191,450 | 3,210,837 |
| | 4,456,323 | 4,109,989 |
| Deferred outflows of resources | | |
| | 40,184 | 45,325 |
| Long-term liabilities outstanding | | |
| Other liabilities | 1,463,253 | 2,197,877 |
| Total liabilities | 125,325 | 142,689 |
| | 1,588,578 | 2,340,566 |
| Deferred inflows of resources | | |
| | 5,065 | 1,665 |
| Net assets: | | |
| Net Investment in Capital Assets | | |
| Restricted | 1,666,450 | 960,837 |
| Unrestricted | 193,753 | 442,589 |
| Total net position | 1,042,661 | 409,657 |
| | \$ 2,902,864 | \$ 1,813,083 |

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Cedar Point exceeded liabilities and deferred inflows by \$2,902,864 as of June 30, 2021. The Town's net position increased by \$978,072 for the fiscal year ended June 30, 2021. However, the largest portion \$1,666,450 reflects the Town's net investments in capital assets (e.g. land, buildings, machinery, and equipment, less any related debt still outstanding that was issued to acquire those items.) The Town of Cedar Point uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Cedar Point's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Cedar Point's net position of \$193,753 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,042,661 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.66%.

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

| | Governmental Activities | |
|---|----------------------------|---------------------|
| | 2021 | 2020 |
| Revenues: | | |
| Program Revenues | | |
| Charges for Services | \$ 156,777 | \$ 144,440 |
| Operating grants | 190,857 | 36,293 |
| Capital grants and contributions | 500,000 | 91,584 |
| General revenues: | | |
| Property taxes | 515,939 | 365,223 |
| Other taxes | 287,398 | 234,557 |
| Grants and contributions not restricted to specific programs | 33,187 | - |
| Other | 42,459 | 19,713 |
| Total revenues | 1,726,617 | 891,810 |
| Expenses: | | |
| Administration | 312,733 | 331,219 |
| Public Works/Transportation | 130,626 | 160,643 |
| Public Safety | 66,515 | 65,140 |
| Environmental Protection | 161,876 | 139,898 |
| Recreational | 3,152 | 5,530 |
| Interest on long-term debt | 73,643 | 77,671 |
| Total expenses | 748,545 | 780,101 |
| Increase (decrease) in net assets before transfers | 978,072 | 111,709 |
| Increase (decrease) in net assets | 978,072 | 111,709 |
| Net position, July 1 | 1,924,792 | 1,813,083 |
| Net position, June 30 | \$ 2,902,864 | \$ 1,924,792 |

Governmental activities: Governmental activities increased the Town's net position by \$978,072 thereby accounting for 100% of the total increase in the net position of the Town of Cedar Point. Key element of this increase is as follows:

- Increase in property taxes and PARTF Grant of \$500,000.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Cedar Point's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Cedar Point's financing requirements.

The general fund is the chief operating fund of Town of Cedar Point. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,048,802 while total fund balance reached \$1,242,555. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 78% of total General Fund expenditures, while total fund balance represents 92% of that same amount.

At June 30, 2021, the governmental funds of Town of Cedar Point reported a combined fund balance of \$1,242,555, with a net increase in fund balance of \$379,763.

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

Capital Asset and Debt Administration

Capital assets. The Town of Cedar Point's investment in capital assets for its governmental type activities as of June 30, 2021 total \$3,191,450 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Town of Cedar Point's Capital Assets
(net of depreciation)
Figure 4

| | Governmental Activities | |
|--------------------------|----------------------------|---------------------|
| | 2021 | 2020 |
| Land | \$ 3,008,141 | \$ 3,008,141 |
| Buildings & improvements | 117,723 | 122,967 |
| Vehicles & equipment | 1,236 | - |
| Infrastructure | 64,350 | 66,793 |
| Total | <u>\$ 3,191,450</u> | <u>\$ 3,197,901</u> |

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

Long-term debt as of June 30, 2021, the Town of Cedar Point had total bonded debt outstanding of \$1,525,000.

Outstanding Debt
Figure 5

| | Governmental Activities | |
|--------------------------------|----------------------------|---------------------|
| | 2021 | 2020 |
| General obligation bonds | \$ 1,525,000 | \$ 2,137,500 |
| Net pension obligation (LGERS) | 50,743 | 62,538 |
| Compensated absences | 8,887 | 6,417 |
| Total | <u>\$ 1,584,630</u> | <u>\$ 2,206,455</u> |

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 that government's boundaries. The legal debt margin for the Town of Cedar Point is \$42,521,443.

Additional information regarding the Town of Cedar Point long-term debt can be found in note III, B, 5 of this report.

General Fund Budgetary Highlights - 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.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities - Property taxes for FY22 will increase. The property tax rate for FY22 is .1175 cents per \$100 valuation.

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 Town Manager David M. Rief, 427 Sherwood Avenue, Cedar Point, NC 28584.

BASIC FINANCIAL STATEMENTS

Town of Cedar Point, North Carolina
Statement of Net Position
June 30, 2021

| | Primary Government Governmental Activities |
|--|---|
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 1,052,750 |
| Restricted cash | 151,318 |
| Taxes receivables (net) | 16,068 |
| Accrued interest receivable on taxes | 2,302 |
| Accounts receivable (net) | 42,435 |
| Total current assets | <u>1,264,873</u> |
| Capital assets (Note 4): | |
| Land, non-depreciable improvements, and construction in progress | 3,008,141 |
| Other capital assets, net of depreciation | 183,309 |
| Total capital assets | <u>3,191,450</u> |
| Total assets | <u>4,456,323</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>40,184</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts payable and accrued expenses | 3,948 |
| Due within one year | 112,500 |
| Compensated absences payable | 8,887 |
| Long-term liabilities: | |
| Net pension liability | 50,743 |
| Due in more than one year | 1,412,500 |
| Total liabilities | <u>1,588,578</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>5,065</u> |
| NET POSITION | |
| Net investment in capital assets | 1,666,450 |
| Restricted for: | |
| Stabilization by State Statute | 42,435 |
| Streets | 151,318 |
| Unrestricted | 1,042,661 |
| Total net position | <u>\$ 2,902,864</u> |

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

Town of Cedar Point, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|------------|-------------------------|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government: | | | | | |
| Governmental Activities: | | | | | |
| Administration | \$ 312,733 | \$ 11,670 | \$ - | \$ 500,000 | \$ 198,937 |
| Public Works/Transportation | 130,626 | 16,481 | 34,112 | - | (80,033) |
| Public Safety | 66,515 | - | - | - | (66,515) |
| Environmental protection | 161,876 | 128,626 | 16,745 | - | (16,505) |
| Recreational | 3,152 | - | 140,000 | - | 136,848 |
| Interest on long-term debt | 73,643 | - | - | - | (73,643) |
| Total governmental activities | 748,545 | 156,777 | 190,857 | 500,000 | 99,089 |
| Total primary government | \$ 748,545 | \$ 156,777 | \$ 190,857 | \$ 500,000 | \$ 99,089 |
| General revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes, levied for general purpose | | | | | 515,939 |
| Local option sales taxes | | | | | 287,398 |
| Other taxes | | | | | - |
| Grants and contributions not restricted to specific programs | | | | | 33,187 |
| Unrestricted investment earnings | | | | | 285 |
| Miscellaneous | | | | | 42,174 |
| Transfers | | | | | - |
| Total general revenues and transfers | | | | | 878,983 |
| Change in net position | | | | | 978,072 |
| Net position, beginning | | | | | 1,924,792 |
| Net position, ending | | | | | \$ 2,902,864 |

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

Town of Cedar Point, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

| | <u>Major Fund</u> | <u>Total</u> |
|--|---------------------|-------------------------------------|
| | <u>General</u> | <u>Governmental</u> <u>Funds</u> |
| ASSETS | | |
| Cash and cash equivalents | \$ 1,052,750 | \$ 1,052,750 |
| Restricted cash | 151,318 | 151,318 |
| Receivables, net: | | |
| Taxes | 16,068 | 16,068 |
| Accounts | 42,435 | 42,435 |
| Total assets | <u>1,262,571</u> | <u>1,262,571</u> |
| LIABILITIES | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | 3,948 | 3,948 |
| Total liabilities | <u>3,948</u> | <u>3,948</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Property taxes receivable | 16,068 | 16,068 |
| Total deferred inflows of resources | <u>16,068</u> | <u>16,068</u> |
| FUND BALANCES | | |
| Restricted for: | | |
| Stabilization by State statute | 42,435 | 42,435 |
| Streets-Powell bill | 151,318 | 151,318 |
| Unassigned | 1,048,802 | 1,048,802 |
| Total fund balances | <u>1,242,555</u> | <u>1,242,555</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 1,262,571</u> | <u>\$ 1,262,571</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. | 3,191,450 |
| Deferred outflows of resources related to pensions are not reported in the funds. | 40,184 |
| Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds. | 2,302 |
| Deferred inflows of resources related to pensions are not reported in the funds. | (5,065) |
| Liabilities for earned revenues considered deferred inflows of resources in fund statements. | 16,068 |
| Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | |
| Bonds payable | (1,525,000) |
| Compensated absences | (8,887) |
| Net pension liability. | (50,743) |
| Net position of governmental activities | <u>\$ 2,902,864</u> |

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

Town of Cedar Point, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

| | <u>Major Fund</u> | <u>Total</u> |
|---|---------------------|-------------------------------------|
| | <u>General Fund</u> | <u>Governmental</u> <u>Funds</u> |
| REVENUES | | |
| Ad valorem taxes | \$ 521,403 | \$ 521,403 |
| Unrestricted intergovernmental | 287,398 | 287,398 |
| Restricted intergovernmental | 584,044 | 584,044 |
| Sales and service | 296,777 | 296,777 |
| Investment earnings | 285 | 285 |
| Miscellaneous | 42,174 | 42,174 |
| Total revenues | <u>1,732,081</u> | <u>1,732,081</u> |
| EXPENDITURES | | |
| Current: | | |
| Administration | 304,479 | 304,479 |
| Public Works/Transportation | 129,609 | 129,609 |
| Public Safety | 67,515 | 67,515 |
| Environmental protection | 162,876 | 162,876 |
| Recreational | 3,053 | 3,053 |
| Debt service: | | |
| Principal | 612,500 | 612,500 |
| Interest and other charges | 72,286 | 72,286 |
| Total expenditures | <u>1,352,318</u> | <u>1,352,318</u> |
| Excess (deficiency) of revenues over expenditures | <u>379,763</u> | <u>379,763</u> |
| Other financing sources (uses): | | |
| Transfer in (out) | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> |
| Net change in fund balance | 379,763 | 379,763 |
| Fund balances, beginning | 862,792 | 862,792 |
| Fund balances, ending | <u>\$ 1,242,555</u> | <u>\$ 1,242,555</u> |

(cont)

Town of Cedar Point, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

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

| | |
|--|-------------------|
| Net changes in fund balances - total governmental funds | \$ 379,763 |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period | (9,621) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 21,328 |
| 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 | (2,470) |
| Pension expense | (16,607) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds: | |
| Change in unavailable revenue for tax revenues | (5,464) |
| Change in accrued interest for tax revenues | (1,357) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 612,500 |
| Total changes in net position of governmental activities | <u>\$ 978,072</u> |

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

Town of Cedar Point, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

| | General Fund | | | Variance with Final Budget - Positive (Negative) |
|--------------------------------------|---------------------|------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | <u>Actual Amounts</u> | |
| Revenues: | | | | |
| Ad valorem taxes | \$ 482,671 | \$ 487,671 | \$ 521,403 | \$ 33,732 |
| Unrestricted intergovernmental | 226,462 | 221,463 | 287,398 | 65,935 |
| Restricted intergovernmental | 35,000 | 768,273 | 584,044 | (184,229) |
| Sales and service | 228,167 | 228,167 | 296,777 | 68,610 |
| Investment earnings | 9,000 | 9,000 | 285 | (8,715) |
| Miscellaneous | 3,700 | 3,700 | 42,174 | 38,474 |
| Total revenues | <u>985,000</u> | <u>1,718,274</u> | <u>1,732,081</u> | <u>13,807</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Administration | 363,720 | 397,624 | 304,479 | 93,145 |
| Public Works/Transportation | 197,880 | 189,701 | 129,609 | 60,092 |
| Public Safety | 65,000 | 67,549 | 67,515 | 34 |
| Environmental protection | 160,800 | 165,800 | 162,876 | 2,924 |
| Recreational | 25,100 | 12,600 | 3,053 | 9,547 |
| Debt service: | | | | |
| Principal retirement | 112,500 | 612,500 | 612,500 | - |
| Interest and other charges | 60,000 | 72,500 | 72,286 | 214 |
| Total expenditures | <u>985,000</u> | <u>1,518,274</u> | <u>1,352,318</u> | <u>165,956</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>200,000</u> | <u>379,763</u> | <u>179,763</u> |
| Other financing sources (uses): | | | | |
| Transfers from other funds | - | (200,000) | - | 200,000 |
| Transfers to other funds | - | - | - | - |
| Sales of capital assets | - | - | - | - |
| Fund Balance Appropriated | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(200,000)</u> | <u>-</u> | <u>200,000</u> |
| Net change in Fund Balance | <u>\$ -</u> | <u>\$ -</u> | 379,763 | <u>\$ 379,763</u> |
| Fund balances, beginning | | | 862,792 | |
| Fund balances, ending | | | <u>\$ 1,242,555</u> | |

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

NOTES TO THE FINANCIAL STATEMENTS

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

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

Fund Financial Statements : The fund financial statements provide information about the Town's funds. The emphasis of fund financial statements is on major governmental funds and enterprise funds, each displayed in a separate column.

The Town reports the following major governmental funds:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Budgetary Data

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

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

1. *Deposits and Investments*

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

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

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

2. *Cash and Cash Equivalents*

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

3. Restricted Assets

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

Town of Cedar Point Restricted Cash

Governmental Activities

| | | |
|-------------------------------|---------|------------|
| General Fund | Streets | \$ 151,318 |
| Total Governmental Activities | | \$ 151,318 |
| Total Restricted Cash | | \$ 151,318 |

4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. The minimum capitalization cost is \$1,500. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and drainage system assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

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

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

7. Deferred outflows/inflows of resources

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

8. Compensated Absences

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

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

9. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

The Town of Cedar Point has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 45% of budgeted expenditures.

Defined Benefit Cost-Sharing Plans

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

F. Use of Estimates

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

II. Stewardship, Compliance, and Accountability

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

1. Noncompliance with North Carolina General Statutes

None.

2. Contractual Violations

None.

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

None.

C. Excess of Expenditures over Appropriations

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

At June 30, 2021, the Town's deposits had a carrying amount of \$697,626 and a bank balance of \$692,123. Of the bank balance, \$692,123 was fully covered by federal depository insurance, and the remainder was covered by collateral held under the pooling method. Cash on hand at June 30, 2021 was \$15.

At June 30, 2021, the Town had \$506,427 invested with the North Carolina Capital Management Trust's Cash Portfolio which carries a credit rating of AAA by Standard and Poor's. The town has no policy regarding credit risk.

2. Receivables - Allowances for Doubtful Accounts

Ad valorem taxes receivable and accounts receivable at the government-wide level are reported net of allowance for uncollectible accounts of \$1,200 .

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

| | |
|------------------|-----------------|
| Ad Valorem taxes | \$ 1,200 |
| Total | <u>\$ 1,200</u> |

3. Capital Assets

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

| | July 1, 2020 | Additions | Retirements | June 30, 2021 |
|--|---------------------|-----------------|-------------|---------------------|
| Governmental Activities | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 3,008,141 | \$ - | \$ - | \$ 3,008,141 |
| Total assets not being depreciated | <u>3,008,141</u> | <u>-</u> | <u>-</u> | <u>3,008,141</u> |
| Capital assets being depreciated: | | | | |
| Buildings & improvements | 209,762 | - | - | 209,762 |
| Furniture & fixtures | 44,006 | - | - | 44,006 |
| Vehicles & Equipment | 103,072 | - | - | 103,072 |
| Infrastructure | 97,723 | - | - | 97,723 |
| Total capital assets being depreciated | <u>454,563</u> | <u>-</u> | <u>-</u> | <u>454,563</u> |
| Less accumulated depreciation for: | | | | |
| Buildings & improvements | 86,795 | 5,244 | - | 92,039 |
| Furniture & fixtures | 44,006 | - | - | 44,006 |
| Vehicles & Equipments | 99,902 | 1,934 | - | 101,836 |
| Infrastructure | 30,930 | 2,443 | - | 33,373 |
| Total accumulated depreciation | <u>261,633</u> | <u>\$ 9,621</u> | <u>\$ -</u> | <u>271,254</u> |
| Net capital assets being depreciated | <u>192,930</u> | | | <u>183,309</u> |
| Capital assets, net | <u>\$ 3,201,071</u> | | | <u>\$ 3,191,450</u> |

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

| | |
|----------------------------|-----------------|
| Administration | \$ 6,604 |
| Public Works | <u>3,017</u> |
| Total Depreciation Expense | <u>\$ 9,621</u> |

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2020, was 8.95% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$21,328 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 \$50,743 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 asset 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, 2021 (measurement date), the Town's proportion was 0.00142%, which was a decrease of .00087% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$16,607. 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 | \$ 6,408 | \$ - |
| Change in assumptions | 3,776 | - |
| Net difference between projected and actual earnings on pension plan investments | 7,140 | - |
| Changes in proportion and differences between Town's contributions and proportionate share of contributions | 1,532 | 5,065 |
| Town's contributions subsequent to the measurement date | 21,328 | - |
| Total | <u>\$ 40,184</u> | <u>\$ 5,065</u> |

\$21,328 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 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 | \$ 3,507 |
| 2023 | 5,377 |
| 2024 | 2,795 |
| 2025 | 2,112 |
| 2026 | - |
| Thereafter | - |
| | <u>\$ 13,791</u> |

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

| | |
|---------------------------|--|
| Inflation | 3.0 percent |
| Salary Increases | 3.50 to 8.10 percent, including inflation and productivity factor |
| Investment rate of return | 7.00 percent, net of position plan investment expense, including inflation |

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

The actuarial assumptions used in the December 31, 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, 2019 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|--|
| Fixed Income | 29.0% | 1.4% |
| Global Equity | 42.0% | 5.3% |
| Real Estate | 8.0% | 4.3% |
| Alternatives | 8.0% | 8.9% |
| Credit | 7.0% | 6.0% |
| Inflation Protection | 6.0% | 4.0% |
| Total | 100% | |

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

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) | \$102,951 | \$50,743 | \$7,354 |

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

2. Deferred Outflows and Inflows of Resources

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

| Source | Amount |
|---|------------------|
| Differences between expected and actual experience | \$ 6,408 |
| Change in assumptions | 3,776 |
| Net difference between projected and actual earnings on pension plan investments | 7,140 |
| Changes in proportion and differences between Town's contributions and proportionate share of contributions | 1,532 |
| Town's contributions subsequent to the measurement date | 21,328 |
| Total | <u>\$ 40,184</u> |

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

| | |
|-------------------|-----------|
| Pension deferrals | \$ 5,065 |
| Taxes Receivable | \$ 16,068 |

3. Risk Management

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

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

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

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

4. Claims, Judgments and Contingent Liabilities

At June 30, 2021, the Town had no claims or judgments.

5. Long-Term Obligationsa. General Obligation Indebtedness

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

The Town's general obligation bonds payable at June 30, 2021 are comprised of the following individual issues:

Serviced by the Town's General Fund:

\$2,250,000, General Obligation Bond, Series 2019 with quarterly installments of \$28,125 through May 1, 2039; interest at 3.45% . The balance outstanding at June 30, 2021 was \$1,525,000.

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

| Year Ending June 30 | Governmental Activities | |
|------------------------|-------------------------|------------|
| | Principal | Interest |
| 2022 | \$ 112,500 | \$ 51,031 |
| 2023 | 112,500 | 47,150 |
| 2024 | 112,500 | 43,269 |
| 2025 | 112,500 | 39,388 |
| 2026 | 112,500 | 35,506 |
| 2027-2031 | 562,500 | 119,313 |
| 2032-2036 | 400,000 | 27,537 |
| Total | \$ 1,525,000 | \$ 363,193 |

6. Changes in Long-Term Liabilities

| | Balance 07/01/20 | Increases | Decreases | Balance 06/30/21 | Current Portion |
|--|---------------------|-----------|--------------|---------------------|--------------------|
| Governmental activities: | | | | | |
| Net pension liability (LGRS) | \$ 62,538 | \$ - | \$ (11,795) | \$ 50,743 | \$ - |
| General obligation bonds | 2,137,500 | - | (612,500) | 1,525,000 | 112,500 |
| Compensated absences | 6,417 | 4,647 | (2,177) | 8,887 | 8,887 |
| Governmental activity long-term liabilities | \$ 2,206,455 | \$ 4,647 | \$ (626,472) | \$ 1,584,630 | \$ 121,387 |

The legal debt margin of the Town of Cedar Point is \$42,521,443.

C. Net Investment in Capital Assets

| | Governmental |
|----------------------------------|---------------------|
| Capital Assets | \$ 3,191,450 |
| less: long term debt | (1,525,000) |
| Net investment in capital assets | <u>\$ 1,666,450</u> |

E. Fund Balance

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

| | |
|--|---------------------|
| Total fund balance - General Fund | \$ 1,242,555 |
| Less: | |
| Stabilization by State Statute | 42,435 |
| Streets - Powell Bill | 151,318 |
| Remaining Fund Balance | 1,048,802 |

IV. Subsequent Events

Events occurring after June 30, 2021 were evaluated by management on September 10, 2021 to ensure that any subsequent events that met the criteria for recognition and/or disclosure to these financial statements have been included. There were no subsequent events requiring disclosure.

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

REQUIRED
SUPPLEMENTAL FINANCIAL DATA

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

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

Schedule of Contributions – Local Government
Employees’ Retirement System

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

Local Government Employees' Retirement System

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Town's proportion of the net pension liability (asset) (%) | 0.0014% | 0.0023% | 0.0023% | 0.0023% | 0.0024% | 0.0019% | 0.0022% | 0.0022% |
| Town's proportion of the net pension liability (asset) (\$) | \$ 50,743 | \$ 62,538 | \$ 53,615 | \$ 35,444 | \$ 51,362 | \$ 51,362 | \$ (12,858) | \$ 26,518 |
| Town's covered-employee payroll | \$ 201,225 | \$ 185,261 | \$ 148,273 | \$ 141,150 | \$ 136,843 | \$ 127,623 | \$ 129,894 | \$ 127,006 |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 25.22% | 33.76% | 36.16% | 25.11% | 37.53% | 40.25% | (9.90%) | 20.88% |
| Plan fiduciary net position as a percentage of the total pension liability** | 88.61% | 90.86% | 91.63% | 94.18% | 91.47% | 98.09% | 102.64% | 94.35% |

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

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

**Town of Cedar Point, North Carolina
Town of Cedar Point's Contributions
Required Supplementary Information
Last Eight Fiscal Years**

Local Government Employees' Retirement System

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually required contribution | \$ 21,328 | \$ 18,010 | \$ 14,351 | \$ 11,120 | \$ 10,233 | \$ 9,127 | \$ 9,023 | \$ 9,183 |
| Contributions in relation to the contractually required contribution | 21,328 | 18,010 | 14,351 | 11,120 | 10,233 | 9,127 | 9,023 | 918 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Town's covered-employee payroll | \$ 210,131 | \$ 201,225 | \$ 185,261 | \$ 148,273 | \$ 141,150 | \$ 136,843 | \$ 127,623 | \$ 129,894 |
| Contributions as a percentage of covered-employee payroll | 10.15% | 8.95% | 7.75% | 7.50% | 7.25% | 6.67% | 7.07% | 7.07% |

GENERAL FUND

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

Town of Cedar Point, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

| | 2021 | | Variance |
|---------------------------------|-----------|------------|------------------------|
| | Budget | Actual | Positive (Negative) |
| Revenues: | | | |
| Ad valorem taxes: | | | |
| Taxes | \$ - | \$ 514,751 | \$ - |
| Penalties and interest | | 6,652 | |
| Total | 487,671 | 521,403 | 33,732 |
| Unrestricted intergovernmental: | | | |
| Utility sales tax | | 71,362 | |
| Beer and wine tax | | 6,302 | |
| Telecommunications sales tax | | 9,877 | |
| Video franchise tax | | 23,826 | |
| Local option sales tax | | 174,666 | |
| Piped natural gas tax | | 1,365 | |
| Total | 221,463 | 287,398 | 65,935 |
| Restricted intergovernmental: | | | |
| PARTF grant | | 500,000 | |
| Cares Act Funding | | 33,187 | |
| FEMA | | 16,745 | |
| Powell Bill allocation | | 34,112 | |
| Total | 768,273 | 584,044 | (184,229) |
| Sales and services: | | | |
| Planning and zoning fees | | 16,481 | |
| Parks and recreation donations | | 140,000 | |
| Trash collection fees | | 128,626 | |
| Itinerant merchant permit fees | | 11,670 | |
| Total | 228,167 | 296,777 | 68,610 |
| Investment earnings | 9,000 | 285 | (8,715) |
| Miscellaneous | 3,700 | 42,174 | 38,474 |
| Total Revenues | 1,718,274 | 1,732,081 | 13,807 |

Town of Cedar Point, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

| | | 2021 | | Variance |
|------------------------------|-----------------------------|---------|---------|------------------------|
| | | Budget | Actual | Positive (Negative) |
| Expenditures: | | | | |
| Administration: | | | | |
| | Salaries and benefits | | 185,063 | |
| | Office Expense | | 36,827 | |
| | Advertising | | 1,225 | |
| | Tax collection fees | | 12,603 | |
| | Legal and professional fees | | 15,386 | |
| | Miscellaneous | | 2,094 | |
| | Insurance | | 9,853 | |
| | Dues and subscriptions | | 6,673 | |
| | Telephone | | 3,436 | |
| | Travel and training | | 2,064 | |
| | Special projects | | 2,500 | |
| | Utilities | | 7,541 | |
| | Total | 349,393 | 285,265 | 64,128 |
| Planning & Zoning: | | | | |
| | Salaries and benefits | | 19,214 | |
| | Total | 48,231 | 19,214 | 29,017 |
| | Total general government | 397,624 | 304,479 | 93,145 |
| Public Works/Transportation: | | | | |
| | Salaries and benefits | | 89,530 | |
| | Street lights | | 25,726 | |
| | Repairs & Maintenance | | 7,340 | |
| | Professional fees | | 2,400 | |
| | Supplies | | 1,908 | |
| | Vehicle expense | | 2,705 | |
| | Total | 189,701 | 129,609 | 60,092 |

Town of Cedar Point, North Carolina
General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

| | 2021 | | Variance |
|------------------------------------|-----------|--------------|------------------------|
| | Budget | Actual | Positive (Negative) |
| Public Safety: | | | |
| Police: | | | |
| Salaries and benefits | | 67,515 | |
| Total | 67,549 | 67,515 | 34 |
| Environmental protection: | | | |
| Solid waste collection | | 162,876 | |
| Total | 165,800 | 162,876 | 2,924 |
| Recreation/Wellness: | | | |
| Operating expense | | 3,053 | |
| Total | 12,600 | 3,053 | 9,547 |
| Debt retirement: | | | |
| Principal | | 612,500 | |
| Interest | | 72,286 | |
| Total | 685,000 | 684,786 | 214 |
| Total Expenditures | 1,518,274 | 1,352,318 | 165,956 |
| Revenues over (under) expenditures | 200,000 | 379,763 | 179,763 |
| Other financing sources (uses): | | | |
| Transfer out | - | - | - |
| Fund Balance Appropriated | - | - | - |
| Total | (200,000) | - | 200,000 |
| Net change in fund balance | \$ - | 379,763 | \$ 379,763 |
| Fund balance, beginning | | 862,792 | |
| Fund balance, ending | | \$ 1,242,555 | |

OTHER SCHEDULES

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

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

Town of Cedar Point, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

| <u>Fiscal Year</u> | <u>Uncollected Balance June 30, 2020</u> | <u>Additions</u> | <u>Collections And Credits</u> | <u>Uncollected Balance June 30, 2021</u> |
|---|--|-------------------|------------------------------------|--|
| 2020-2021 | \$ - | \$ 509,287 | \$ (497,381) | \$ 11,906 |
| 2019-2020 | 10,729 | - | (8,547) | 2,182 |
| 2018-2019 | 4,256 | | (3,513) | 743 |
| 2017-2018 | 3,373 | | (2,674) | 699 |
| 2016-2017 | 2,245 | - | (1,470) | 775 |
| 2015-2016 | 550 | - | (144) | 406 |
| 2014-2015 | 360 | - | (86) | 274 |
| 2013-2014 | 569 | - | (313) | 256 |
| 2012-2013 | 474 | - | (447) | 27 |
| 2011-2012 | 176 | - | (176) | - |
| | <u>\$ 22,732</u> | <u>\$ 509,287</u> | <u>\$ (514,751)</u> | <u>\$ 17,268</u> |
| Less - allowance for uncollectible accounts | | | | <u>(1,200)</u> |
| Ad valorem taxes receivable - net | | | | <u>\$ 16,068</u> |
| <u>Reconcilement with revenues:</u> | | | | |
| Ad valorem taxes - General Fund | | | | \$ 521,403 |
| Reconciling items: | | | | |
| Penalties and Interest collected | | | | <u>(6,652)</u> |
| Total collections and credits | | | | <u>\$ 514,751</u> |

Town of Cedar Point, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2021

| | Town - Wide | | | Total Levy | |
|--|------------------------------|--------|--------------------------|--------------------------------------|---------------------------------|
| | Property Valuation | Rate | Total Levy | Property Excluding Motor Vehicles | Registered Motor Vehicles |
| Original levy: | | | | | |
| Property taxed at current year's rate | \$ 550,580,541 | 0.0925 | \$ 509,287 | \$ 478,726 | \$ 30,561 |
| Penalties | - | | - | - | - |
| Total | <u>550,580,541</u> | | <u>509,287</u> | <u>478,726</u> | <u>30,561</u> |
| Total property valuation | <u><u>\$ 550,580,541</u></u> | | | | |
| Net levy | | | 509,287 | 478,726 | 30,561 |
| Uncollected taxes at June 30, 2021 | | | <u>(11,906)</u> | <u>(11,906)</u> | <u>-</u> |
| Current year's taxes collected | | | <u><u>\$ 497,381</u></u> | <u><u>\$ 466,820</u></u> | <u><u>\$ 30,561</u></u> |
| Current levy collection percentage | | | <u><u>97.66%</u></u> | <u><u>97.51%</u></u> | <u><u>100.00%</u></u> |

COMPLIANCE SECTION



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

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Commissioners
Cedar Point, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Cedar Point, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town of Cedar Point's basic financial statements, and have issued our report thereon dated October 25, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Cedar Point'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.

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.

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

Wilmington, North Carolina

October 25, 2021



Thompson, Price, Scott, Adams & Co., P.A.
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Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the Town of Cedar Point, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Cedar Point's major state programs for the year ended June 30, 2021. The Town of Cedar Point's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Cedar Point's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the *State Single Audit Implementation Act*. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Cedar Point's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Cedar Point's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Cedar Point complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town of Cedar Point is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Cedar Point's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Thompson, Price, Scott, Adams & Co., PA
Wilmington, North Carolina
October 25, 2021

| | |
|-------------------|-------------------------------------|
| Section I. | Summary of Auditor's Results |
|-------------------|-------------------------------------|

Town of Cedar Point, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section II – Financial Statement Findings

None.

Section III – State Award Findings and Questioned Costs

None.

Town of Cedar Point, NORTH CAROLINA

SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE | FEDERAL CFDA NUMBER | STATE/FEDERAL PASS-THROUGH GRANTOR'S NUMBER | FEDERAL (DIRECT AND PASS-THROUGH) EXPENDITURES | STATE EXPENDITURES |
|--|---------------------------|--|---|-----------------------|
| FEDERAL GRANTS | | | | |
| Cash Programs | | | | |
| US DEPARTMENT OF HOMELAND SECURITY | | | | |
| Passed-through NC Department of Public Safety | | | | |
| Disaster Grants - Public Assistance - Hurricane Dorian | 97.03 | | \$ 12,559 | \$ 4,186 |
| U.S. DEPARTMENT OF TREASURY | | | | |
| Passed-through the Office of State Budget and Management | | | | |
| NC Pandemic Recovery Office | | | | |
| Passed-through Carteret County: | | | | |
| Coronavirus Relief Fund | 21.019 | | 33,187 | - |
| Total Federal Cash Assistance | | | 45,746 | 4,186 |
| Noncash Programs | | | | |
| Total Federal Noncash Assistance | | | - | - |
| Total Federal Assistance | | | 45,746 | 4,186 |
| STATE GRANTS | | | | |
| Cash Programs | | | | |
| NC DEPARTMENT OF ENVIRONMENTAL QUALITY | | | | |
| PARTF Grant | | | - | 500,000 |
| Total State Cash Assistance | | | - | 500,000 |
| Noncash Programs | | | | |
| Total State Noncash Assistance | | | - | - |
| Total State Assistance | | | - | 500,000 |
| Total Assistance | | | \$ 45,746 | \$ 504,186 |

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Cedar Point under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for the Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Cedar Point, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Cedar Point.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Town of Cedar Point has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.