

# TOWN OF CRAMERTON

Cramerton, North Carolina

Report of Certified Public Accountants

Financial Statements and Schedules

Year Ended June 30, 2019

## Board Members

Will Cauthen, Mayor

Demetrios Koutsoupas, Mayor Pro Tempore

Houston Helms

Donald Rice

Susan Neeley

Dixie Abernathy

## Administrative and Financial Staff

David Pugh, Town Manager

Joel Lineberger, CPA, Finance Officer

**Town of Cramerton, North Carolina**  
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**June 30, 2019**

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## FINANCIAL SECTION

**COLLIS AND ASSOCIATES, CPAs, P.C.**  
**Certified Public Accountants**

**103 East Third Avenue  
Gastonia, North Carolina 28052  
704/867-0201**

**Members  
AICPA**

**Members  
NCACPA**

**Independent Auditor's Report**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Cramerton, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Cramerton ABC Board. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Cramerton ABC Board, is based solely on the report of another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Town of Cramerton ABC Board were not audited in accordance with Government Auditing Standards.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

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

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Cramerton, North Carolina as of June 30, 2019, and the respective changes in financial position, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages iv through xiv, the Other Postemployment Benefits Schedules of Changes in Total OPEB Liability and Related Ratios, on page 39, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 40 and 41, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of covered payroll on pages 42 and 43, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors 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*

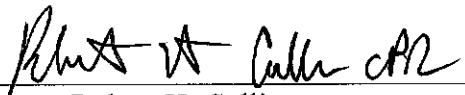
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Cramerton, North Carolina. The combining of individual fund statements, budgetary schedules, and other schedules are presented for purposes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

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

**Other Reporting Required by *Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2019 on our consideration of Town of Cramerton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Cramerton's internal control over financial reporting and compliance.

COLLIS AND ASSOCIATES, CPAs, P.C.

By   
Robert H. Collis

Gastonia, North Carolina  
November 21, 2019



## **TOWN OF CRAMERTON MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the Town of Cramerton, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2019. We encourage readers to review the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### **Financial Highlights**

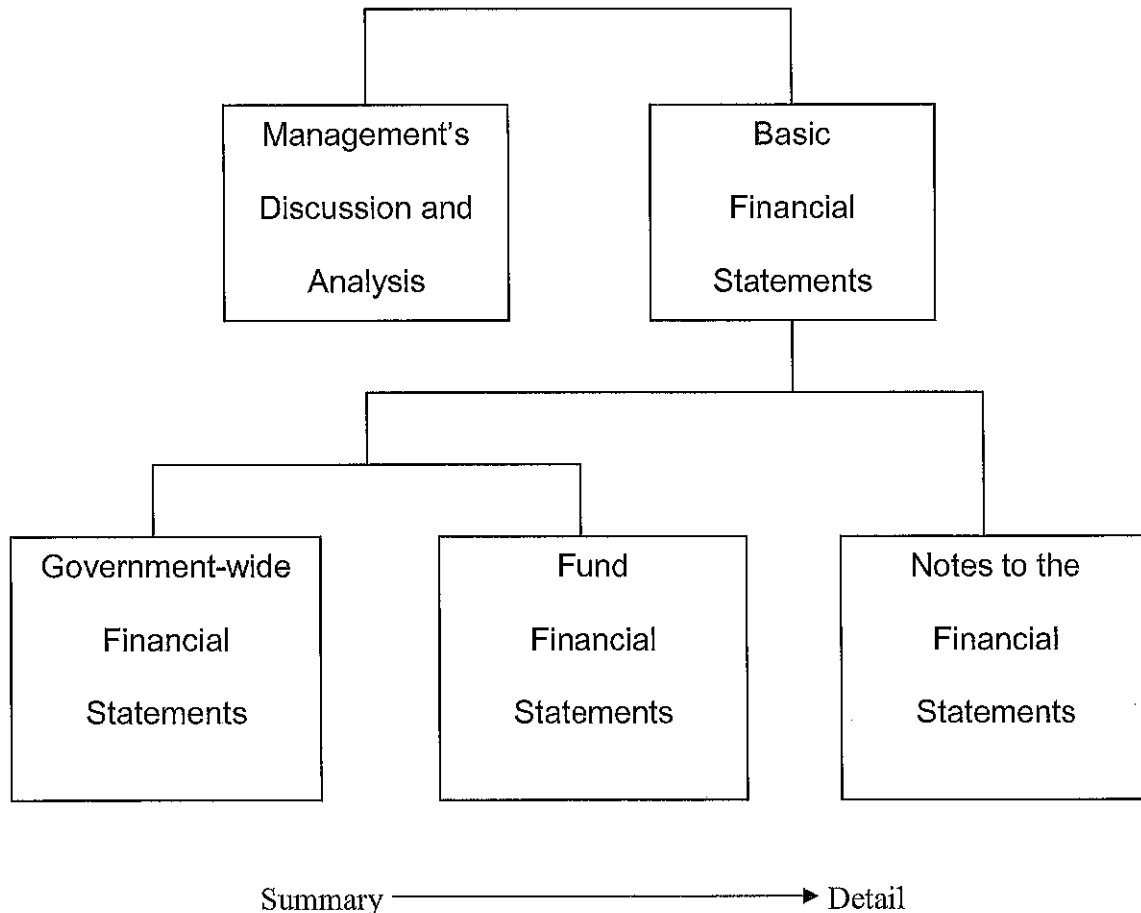
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,478,073. (net position).
- The Town's total net position decreased by \$194,130 before restatement, primarily due to abandonment of assets (the Cramer Mountain Sidewalk Capital Project) while the net position after restatement for pension liabilities decreased \$82,088 during the year ended June 30, 2019. As of the close of the current fiscal year the Town's governmental funds reported combined ending fund balances of \$4,603,317, a decrease of \$607,555 in comparison with the prior year. This decrease is attributable to funding capital projects during the year which reduced cash funds on hand at June 30, 2019. Of the fund balance, \$2,120,241 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,120,241, or 40.71% of total general fund expenditures for the fiscal year.
- The Town's total long-term debt decreased \$152,027 (4.59%) during the current fiscal year. This net decrease results from the Town's scheduled principal payments on existing debt.

### **Overview of the Financial Statements**

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

## 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 6) 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.

## Management Discussion and Analysis

### Town of Cramerton

After the notes, **Supplemental Information** is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

### Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities; and 2) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, solid waste and recycling collection, 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 2) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town are 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* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and

Management Discussion and Analysis  
**Town of Cramerton**

the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 7 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's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 39 of this report.

**Government-wide Financial Analysis**

**The Town of Cramerton**

**Net Position**

Figure 2

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Current and other assets	\$ 5,360,500	\$ 5,856,385
Deferred charges	-	-
Restricted assets	78,725	116,398
Capital assets	7,883,512	7,492,009
Total assets	<u>13,322,737</u>	<u>13,464,792</u>
Deferred Outflows of Resources	<u>524,155</u>	<u>329,492</u>
Long-term liabilities outstanding	4,705,329	4,658,297
Other liabilities	452,212	314,508
Total liabilities	<u>5,157,541</u>	<u>4,972,805</u>
Deferred Inflows of Resources	<u>211,278</u>	<u>67,180</u>
Net Position		
Net investment in capital assets	4,720,069	4,176,633
Restricted	526,304	487,058
Unrestricted	3,231,700	4,090,600
Total net position	<u>\$ 8,478,073</u>	<u>\$ 8,754,291</u>

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 exceeded liabilities and deferred inflows by \$8,478,073 as of June 30, 2019. The Town's net position decreased by \$194,130 before restatement for the fiscal year ended June 30, 2019. However, a portion (56.74%) reflects the Town's \$4,720,069 net investment 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 uses these capital assets to

## Management Discussion and Analysis

### Town of Cramerton

provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in 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 \$526,304 portion of the Town's net position (6.21%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,231,700 is unrestricted, however, the Town has implemented a minimum fund balance reserve policy, (40% of FY 19-20 budgeted expenditures equal to \$1,999,440 at June 30, 2019), yielding net funds of \$1,232,260 unencumbered funds available for expenditure.

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

- Continued efforts by Gaston County in the collection of ad valorem taxes resulting in a tax collection percentage of 99.55%.
- The Town budgeted ad valorem tax revenues conservatively and realized collections in excess of budgeted amounts resulting in \$26,226 additional property tax revenues available for governmental activities.
- Revenue from Unrestricted Intergovernmental sources primarily Local Option Sales Taxes which increased \$51,664 or 5.98% and ABC Profit Distributions that increased \$55,419 or 133.52%.
- Favorable operating results across all departments with expenditures \$210,754 less than budgeted amounts.

Management Discussion and Analysis  
**Town of Cramerton**

Town of Cramerton  
 Changes in Net Position  
 Figure 3

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 570,235	\$ 488,967
Operating grants and contributions	259,603	166,913
Capital grants and contributions	388,155	152,907
General revenues:		
Property taxes	2,140,922	2,122,064
Other taxes	259,120	243,570
Grants and contributions not restricted to specific programs	1,323,611	1,209,363
Other	181,059	990,537
Total revenues	<u>5,122,705</u>	<u>5,374,321</u>
Expenses:		
General government	1,221,383	918,967
Public safety	2,356,685	1,852,790
Public works	829,307	1,470,261
Culture and recreation	799,766	751,869
Interest on long-term debt	109,694	113,509
Total expenses	<u>5,316,835</u>	<u>5,107,396</u>
Increase in net position before transfers and other items	(194,130)	266,925
Transfers	-	-
Increase in net position	<u>(194,130)</u>	<u>266,925</u>
Net position, beginning as previously stated	8,754,291	8,846,915
(Restatement) Prior period adjustment	<u>(82,088)</u>	<u>(359,549)</u>
Net position, beginning as re-stated	8,672,203	8,487,366
Net position, ending	<u>\$ 8,478,073</u>	<u>\$ 8,754,291</u>

## Management Discussion and Analysis Town of Cramerton

**Governmental activities:** Governmental activities decreased the Town's net position by \$35,929 before restatement. Key elements of this net decrease were:

- Abandonment of the Cramer Mountain Sidewalk Project
- Ad Valorem Tax collections realized in excess of budgeted amounts.
- Sales and Use Taxes and ABC Profit Distributions in excess of budgeted amounts.
- Operating expenditures less than budgeted across all operating departments.

### Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, fund balance available in the General Fund was \$2,120,241 while total fund balance reached \$3,038,745. The Town currently has an available General Fund balance of 40.71% of General Fund expenditures.

At June 30, 2019, the governmental funds of the Town reported a combined fund balance of \$4,603,317 which equals a \$607,555 or 11.66% decrease from last year. A significant portion of this increase is attributable to the funding of capital projects during the year.

**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.

Revenues were more than the budgeted amounts primarily because the Town realized more revenue from real property and motor vehicle tax collections, and State shared revenues including Sales and Use Taxes and Franchise Tax Distributions.



Management Discussion and Analysis  
Town of Cramerton

**Capital Asset and Debt Administration**

**Capital assets:** The Town's investment in capital assets for its governmental activities as of June 30, 2019, totals \$7,883,512 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

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

- Acquisition of fire department SUV, \$32,923
- Acquisition of fire department rescue boat, motor and trailer, \$48,475
- Acquisition of three police vehicles, \$128,242
- Addition of Veterans Memorial Statute and Branch Pillars, \$194,223
- Additions and major repairs of recreational amenities and facilities, \$174,884

**Town of Cramerton's Capital Assets**

**Figure 4**

(net of depreciation)

	Governmental Activities 2019	Governmental Activities 2018
Land	\$ 292,119	\$ 292,119
Buildings	2,075,445	2,102,931
Improvements other than buildings	3,898,078	3,725,907
Machinery and equipment	242,695	238,011
Vehicles and motorized equipment	744,888	850,189
Construction in progress	630,287	282,852
Total	<u>\$ 7,883,512</u>	<u>\$ 7,492,009</u>

Additional information on the Town's capital assets can be found in Note II. A. 4 of the Basic Financial Statements.

**Long-term Debt:** As of June 30, 2019, the Town had no bonded debt outstanding. The Town does have one outstanding installment purchase loan from a bank for financing

Management Discussion and Analysis  
**Town of Cramerton**

street improvements and three notes payable from USDA Rural Development for the Public Works Facility, Town Hall/Police Department renovation, and Goat Island pedestrian bridge and other park amenities.

**Town of Cramerton's Outstanding Debt**

**Figure 5**

	Governmental Activities	
	2019	2018
Note payable	\$ 447,743	\$ 557,143
Purchase note	-	-
USDA financing	462,116	470,005
USDA financing	1,303,984	1,325,471
USDA financing	949,606	962,757
Total	<u>\$ 3,163,449</u>	<u>\$ 3,315,376</u>

- The Town's total long-term debt decreased \$152,027 (4.59%) during the past fiscal year. This decrease was the result prior existing debt being reduced by currently scheduled principal payments without further borrowing.

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 less existing debt. At June 30, 2019 the legal debt margin for the Town is \$37,124,451.

Additional information regarding the Town's long-term debt can be found in Note II. B. 7 beginning on page 34 of this report.

**Economic Factors and Next Year's Budgets and Rates**

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

- The Town will experience continued growth from additional apartment and single family construction in the Peach Orchard Road/Wilkinson Boulevard area with continued construction activity in the Timberlake and Cramer Mountain neighborhoods and the Villages at Cramerton Mills project.
- Several current and proposed developments feature commercial offices, medical facilities, and retail elements will increase the Town's future tax base.

## Management Discussion and Analysis

### Town of Cramerton

- The Town's utility rates under the consolidated Two Rivers Utilities, owned and operated by the City of Gastonia, will continue to provide lower rates for all citizens of the Town.
- The Town has been successful in securing general grant funding that will assist in the construction of infrastructure including greenways and other recreational amenities that will further enhance the quality of life for Town residents. Additionally public safety grant funding will assist with the purchase of police and fire department equipment.

### **Budget Highlights for the Fiscal Year Ending June 30, 2020**

**Governmental Activities:** Property taxes, remaining at a rate of \$.475, are projected to be collected at or above the State average. The Town will use increased tax revenues to finance programs currently in place.

The Town continues contractual agreements with the Town of McAdenville for provision of 24 hour, seven days a week police and fire protective services. These contracts increase expenditures in Public Safety that are offset by the fees approved in the contracts. Fiscal Year 2020 will be the fifth year of a renewed five year police services contract. The contract for the provision of fire services is in its third year of a three year contract extension. Both contracts are expected to be renewed with terms concurrent with each other.

The Town anticipates completion of the greenway from Goat Island to US Highway 29/74. This project is funded through Federal Highway Administration and NC Department of Transportation grants.

Budgeted expenditures in the General Fund are expected to increase from \$4,514,100 to \$4,998,600 a net difference of \$484,500 or 10.74%. The largest increases in the budget are due to a one-time appropriation for Town Hall building repairs (\$188,000), full-time compensation (\$126,900) including a new code enforcement officer position, and capital outlay (\$189,000).

### **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 David Pugh, Town Manager, at Town Hall, 155 N. Main Street, Cramerton, NC 28032. More information can also be found at the Town's website: [www.cramerton.org](http://www.cramerton.org).

## **BASIC FINANCIAL STATEMENTS**

**Town of Cramerton, North Carolina**  
**Statement of Net Position**  
**June 30, 2019**

	<u>Primary Government</u>	
	<u>Governmental</u>	<u>Town of Cramerton</u>
	<u>Activities</u>	<u>ABC Board</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,028,189	198,701
Taxes receivable (net)	22,608	-
Accrued interest receivable on taxes	3,078	-
Accounts receivable (net)	68,202	-
Due from other governments	837,923	-
Due from other governments-note receivable	-	-
Inventories	-	482,897
Prepaid expenses	500	15,205
Restricted cash and cash equivalents	78,725	-
Total current assets	<u>5,039,225</u>	<u>696,803</u>
Non-current assets:		
Due from others	400,000	-
Capital assets (Note 1):		
Land, non-depreciable improvements, and construction in progress	922,406	153,186
Other capital assets, net of depreciation	6,961,106	959,713
Total capital assets	<u>7,883,512</u>	<u>1,112,899</u>
Total assets	<u>\$ 13,322,737</u>	<u>1,809,702</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension deferrals	\$ 413,671	-
LEO deferrals	86,955	-
OPEB deferrals	23,529	-
Total deferred outflows of resources	<u>524,155</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 290,172	381,407
Accrued interest payable	25,128	-
Deposits	-	-
Current portion of long-term liabilities	136,912	-
Total current liabilities	<u>452,212</u>	<u>381,407</u>
Long-term liabilities:		
Due in more than one year	4,705,329	781,850
Total liabilities	<u>5,157,541</u>	<u>1,163,257</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Prepaid taxes	53	-
Prepaid grant revenue	120,000	-
Pension deferrals	19,968	47,684
LEO deferrals	31,597	-
OPEB deferrals	39,660	-
Total deferred inflows of resources	<u>211,278</u>	<u>47,684</u>
<b>NET POSITION</b>		
Net investment in capital assets	4,720,069	427,943
Restricted for:		
Public Works-streets	78,725	-
Stabilization by State Statute	447,579	-
Other purposes	-	83,902
Unrestricted	3,231,700	86,916
Total net position	<u>\$ 8,478,073</u>	<u>598,761</u>

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

**Town of Cramerton, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

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	Town of Cramerton ABC Board
<b>Primary government:</b>						
Governmental Activities:						
General government	\$ 1,221,383	37,978	87,500	-	(1,095,905)	-
Public safety	2,356,685	270,000	38,761	-	(2,047,924)	-
Public works	829,307	122,281	123,560	-	(583,466)	-
Recreation	799,766	139,976	9,782	388,155	(261,853)	-
Interest on long-term debt	109,694	-	-	-	(109,694)	-
Total governmental activities (See Note 1)	5,316,835	570,235	259,603	388,155	(4,098,842)	-
Total primary government	<u>\$ 5,316,835</u>	<u>570,235</u>	<u>259,603</u>	<u>388,155</u>	<u>(4,098,842)</u>	<u>-</u>
<b>Component unit:</b>						
ABC Board	\$ 2,972,871	2,817,377	-	-	-	(155,494)
Total Component unit	<u>\$ 2,972,871</u>	<u>2,817,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(155,494)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purpose					2,140,922	-
Other taxes					259,120	-
Grants and contributions not restricted to specific programs					1,323,611	-
Unrestricted investment earnings					69,569	20
Miscellaneous					205,294	-
Unusual Item: Abandonment of asset					(93,804)	-
Total general revenues, special items, and transfers					<u>3,904,712</u>	<u>20</u>
Change in net position					(194,130)	(155,474)
Net position-beginning-as previously stated					8,754,291	754,235
Restatement					(82,088)	-
Net position-beginning-as re-stated					<u>8,672,203</u>	<u>754,235</u>
Net position-ending					<u>\$ 8,478,073</u>	<u>598,761</u>

**Town of Cramerton, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<b>Major Funds</b>			<b>Total</b>	<b>Total</b>
	<b>General</b>	<b>29-74 Greenway</b>	<b>Town Hall Repairs</b>	<b>Non-Major Funds</b>	<b>Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,798,632	79,322	568,716	581,519	4,028,189
Receivables, net:					
Taxes	22,608	-	-	-	22,608
Accounts	68,202	-	-	-	68,202
Due from other funds	-	-	-	-	-
Due from other governments	379,427	442,378	-	16,118	837,923
Due from others	-	-	-	-	-
Prepaid items	500	-	-	-	500
Restricted cash and cash equivalents	78,725	-	-	-	78,725
Total assets	<u>\$ 3,348,094</u>	<u>521,700</u>	<u>568,716</u>	<u>597,637</u>	<u>5,036,147</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 166,691	116,970	3,686	2,825	290,172
Due to other funds	-	-	-	-	-
Total liabilities	<u>166,691</u>	<u>116,970</u>	<u>3,686</u>	<u>2,825</u>	<u>290,172</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenue	120,000	-	-	-	120,000
Property taxes receivable	22,658	-	-	-	22,658
<b>FUND BALANCES</b>					
Non-Spendable					
Prepaid items	500	-	-	-	500
Restricted:					
Stabilization by State statute	447,579	-	-	-	447,579
Streets	78,725	-	-	-	78,725
Committed:					
Reserved for USDA	141,700	-	-	-	141,700
Assigned:					
Stormwater maintenance	-	-	-	214,803	214,803
General government	-	-	565,030	245,000	810,030
Recreation	-	404,730	-	135,000	539,730
Streets	-	-	-	9	9
Subsequent year's expenditures	250,000	-	-	-	250,000
Unassigned	2,120,241	-	-	-	2,120,241
Total fund balances	<u>3,038,745</u>	<u>404,730</u>	<u>565,030</u>	<u>594,812</u>	<u>4,603,317</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,348,094</u>	<u>521,700</u>	<u>568,716</u>	<u>597,637</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.	\$ 7,883,512
Deferred outflows of resources related to pensions are not reported in the funds	413,671
Deferred outflows of resources related to LEO separation allowance are not reported in the funds	86,955
Deferred outflows of resources related to OPEB are not reported in the funds	23,529
Other long-term assets (accrued interest receivable from taxes and other receivables) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.	403,078
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	22,608
Deferred inflows of resources related to pensions are not reported in the funds	(19,968)
Deferred inflows of resources related to LEO separation allowance are not reported in the funds	(31,597)
Deferred inflows of resources related to OPEB are not reported in the funds	(39,660)
Some liabilities, including long-term debt payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.	(4,867,372)
Net position of governmental activities	<u>\$ 8,478,073</u>

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

**Town of Cramerton, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>Major Funds</b>			<b>Total</b>	<b>Total</b>
	<b>General</b>	<b>29-74</b>	<b>Town Hall</b>	<b>Non-Major</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Greenway</b>	<b>Repair</b>	<b>Funds</b>	<b>Funds</b>
<b>REVENUES</b>					
Ad valorem taxes	\$ 2,402,926	-	-	-	2,402,926
Other taxes and licenses	400	-	-	-	400
Unrestricted intergovernmental	1,319,884	-	-	-	1,319,884
Restricted intergovernmental	163,348	446,419	-	-	609,767
Permits and fees	37,978	-	-	-	37,978
Sales and services	139,976	-	-	122,281	262,257
Investment earnings	69,569	-	-	-	69,569
Miscellaneous	518,975	-	-	29,236	548,211
Total revenues	<u>4,653,056</u>	<u>446,419</u>	<u>-</u>	<u>151,517</u>	<u>5,250,992</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,032,512	-	20,970	-	1,053,482
Public safety	2,189,124	-	-	-	2,189,124
Public works	686,851	-	-	103,694	790,545
Recreation	657,964	459,889	-	168,448	1,286,301
Capital outlay	380,017	-	-	-	380,017
Debt service:					
Principal	151,931	-	-	-	151,931
Interest and other charges	110,247	-	-	-	110,247
Total expenditures	<u>5,208,646</u>	<u>459,889</u>	<u>20,970</u>	<u>272,142</u>	<u>5,961,647</u>
Excess (deficiency) of revenues over expenditures	<u>(555,590)</u>	<u>(13,470)</u>	<u>(20,970)</u>	<u>(120,625)</u>	<u>(710,655)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	130,817	-	440,500	427,084	998,401
Transfers to other funds	(889,500)	(47,200)	-	(61,701)	(998,401)
Repayment of loan	-	-	-	-	-
Proceeds of installment loan	-	-	-	-	-
Proceeds of installment sale	-	-	-	-	-
Sale of assets	103,100	-	-	-	103,100
Total other financing sources (uses)	<u>(655,583)</u>	<u>(47,200)</u>	<u>440,500</u>	<u>365,383</u>	<u>103,100</u>
Net change in fund balance	<u>(1,211,173)</u>	<u>(60,670)</u>	<u>419,530</u>	<u>244,758</u>	<u>(607,555)</u>
Fund balances, before restatement	4,249,918	465,400	145,500	432,142	5,292,960
Restatement	-	-	-	(82,088)	(82,088)
Fund balance, beginning as restated	<u>4,249,918</u>	<u>465,400</u>	<u>145,500</u>	<u>350,054</u>	<u>5,210,872</u>
Fund balances-ending	<u>\$ 3,038,745</u>	<u>\$ 404,730</u>	<u>\$ 565,030</u>	<u>\$ 594,812</u>	<u>\$ 4,603,317</u>

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



**Town of Cramerton, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2019**

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

Net changes in fund balances - total governmental funds	\$ (607,555)
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.	425,799
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	118,785
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	44,507
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	18,428
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Revenue from Stormwater Fees	-
Installment payment on note receivable	(100,000)
Change in deferred revenue for tax revenues	(2,723)
Decrease in interest receivable on ad valorem taxes	(560)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal payments on long-term debt	151,931
Accrued interest expense	553
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.	
Retirement of fixed assets	(34,299)
Compensated absences	5,999
Pension expense	(141,025)
Net postemployment benefits obligation	(23,923)
Net pension obligation	(50,047)
Total changes in net position of governmental activities	<u>\$ (194,130)</u>

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

**Town of Cramerton, North Carolina  
General Fund**

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2019**

	<b>General Fund</b>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>Revenues:</b>				
Ad valorem taxes	\$ 2,327,500	2,376,700	2,402,926	26,226
Other taxes and licenses	-	-	400	400
Unrestricted intergovernmental	1,124,700	1,166,500	1,319,884	153,384
Restricted intergovernmental	125,500	165,500	163,348	(2,152)
Permits and fees	18,000	36,000	37,978	1,978
Sales and services	-	136,000	139,976	3,976
Investment earnings	35,000	65,000	69,569	4,569
Miscellaneous	598,000	486,800	518,975	32,175
Total revenues	<u>4,228,700</u>	<u>4,432,500</u>	<u>4,653,056</u>	<u>220,556</u>
<b>Expenditures:</b>				
Current:				
Governing board	51,100	66,100	60,740	5,360
General government	766,400	638,400	620,838	17,562
Planning and zoning	149,000	387,000	350,934	36,066
Police	1,427,600	2,008,400	1,950,581	57,819
Fire	241,100	251,100	238,543	12,557
Public works	677,100	701,100	686,851	14,249
Recreation	647,200	684,200	657,964	26,236
Capital outlay	291,000	419,500	380,017	39,483
Debt service:				
Principal retirement	152,500	152,500	151,931	569
Interest and other charges	111,100	111,100	110,247	853
Total expenditures	<u>4,514,100</u>	<u>5,419,400</u>	<u>5,208,646</u>	<u>210,754</u>
Revenues over (under) expenditures	<u>(285,400)</u>	<u>(986,900)</u>	<u>(555,590)</u>	<u>431,310</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	-	-	130,817	130,817
Transfers to other funds	-	(977,000)	(889,500)	87,500
Proceeds of installment loan	-	-	-	-
Proceeds of installment sale	-	-	-	-
Sales of capital assets	-	115,000	103,100	(11,900)
Total other financing sources (uses)	<u>-</u>	<u>(862,000)</u>	<u>(655,583)</u>	<u>206,417</u>
Fund balance appropriated	<u>285,400</u>	<u>1,848,900</u>	<u>-</u>	<u>(1,848,900)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>(1,211,173)</u>	<u>(1,211,173)</u>
Fund balances, beginning			4,249,918	
Fund balances, end of year			<u>\$ 3,038,745</u>	

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

**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies**

The accounting policies of the Town of Cramerton and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

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

**Town of Cramerton ABC Board**

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Cramerton Board of Alcoholic Beverage Control, 4701 S. New Hope Rd., Belmont, NC 28012.

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. 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 particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

*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, each displayed in a separate column. The remaining governmental funds are aggregated and reported as non-major funds.

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 and construction, sanitation services, recreation, and general government services.

**Governmental Capital Projects Fund - US Hwy 29/74 Greenway.** This fund is used to account for the construction of a new greenway from the existing Goat Island Park to Wilkinson Boulevard.

**Governmental Capital Projects Fund - Town Hall Repair.** This fund is used to account for repairs made to Town Hall.

The Town reports the following non-major governmental funds:

**Stormwater Fund.** This fund is used to account for revenues collected for the improvement and maintenance of the Town's stormwater collection and dispersal system.

**Governmental Capital Projects Fund - Veteran's Memorial.** This fund is used to account for the construction of a new veteran's memorial.

**Governmental Capital Projects Fund – Central Park Refurbishment.** This fund is used to account for the refurbishment of Central Park.

**Governmental Capital Projects Fund – Community Center Renovation.** This fund is used to account for the renovation of the Community Center.

**Governmental Capital Projects Fund - Cramer Mountain Sidewalk.** This fund is used to account for the construction of sidewalks, curbs, and gutters along Cramer Mountain Road.

**Governmental Capital Projects Fund - Street Repairs & Resurfacing.** This fund is used to account for the repair and resurfacing of streets.

**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

**Governmental Capital Projects Fund – Fleet Acquisition.** This fund is used to provide funds for the future acquisition of fleet vehicles.

**C. Measurement Focus and Basis of Accounting**

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

*Government-wide Financial Statements.* The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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

**D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Stormwater Fund. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for each of the Governmental Capital Project Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board. During the year, amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

**1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States;

**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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 in securities of the NCCMT Cash Portfolio, a SEC-Registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price.

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

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

Town of Cramerton Restricted Cash

Governmental Activities

General Fund

Streets	\$ <u>78,325</u>
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**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, 2018.

**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.

**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

**6. Inventory and Prepaid Items**

The inventories of the ABC Board are valued at the lower of cost (first-in, first-out method) or market. The inventory consists of materials held for subsequent sale. The cost of these inventories is expensed when sold rather than when purchased.

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

**7. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization cost is \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	50
Buildings	40
Improvements	10-40
Vehicles	4
Furniture and equipment	10
Computer equipment	3

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

Asset Class	Estimated Useful Lives
Furniture and equipment	5-10
Leasehold improvements	40

**8. 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*



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*Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflow 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 several items that meet the criterion for this category – prepaid taxes, property taxes receivable in the General Fund, prepaid grant revenue, and pension deferrals.

**9. Long-Term Obligations**

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

**10. Compensated Absences**

The vacation policy of the Town provides for the accumulation of up to 20 days of vacation in a calendar year based on length of employment. However, no more than 10 vacation days may be carried over into the following year. Excess vacation leave is converted to sick leave. For the Town's government-wide financial statements, an expense and a liability for compensated absences are recorded as 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 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.

**11. 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 either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

**Fund Balances**

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

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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.

Prepaid Items - portion of fund balance that is not an available resource because it represents the year-end balance of amounts paid for future benefits, which are not spendable resources.

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

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

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

**Committed Fund Balance** –portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's Board of Commissioners (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. Any changes or removal of specific purpose requires majority action by the governing body.

**Assigned fund balance** – portion of fund balance that Town of Cramerton intends to use for specific purposes.

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Assigned for Recreation and General Government – portion of fund balance that has been budgeted by the Board for improvements to sidewalks, town hall repairs, community center renovations, central park refurbishments, fleet acquisition, and stormwater maintenance.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

The Town has adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such manner that available fund balance is at least equal to or greater than 40% of budgeted expenditures. Any portion of the General Fund fund balance in excess of 40% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

## 12. Defined Benefit Cost-Sharing Plan

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

## II. Detail Notes on All Funds

### A. Assets

#### 1. Deposits

All the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board's agent in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are

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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 and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The 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. The ABC Board has no formal policy regarding custodial risk for deposits.

At June 30, 2019, the Town's deposits had a carrying amount of \$3,087,195 and a bank balance of \$3,127,713. Of the bank balance, \$1,500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the ABC Board was \$193,101 and the bank balance was \$213,094. All of the bank balance was covered by federal depository insurance. At June 30, 2019, the Town's petty cash fund totaled \$300.

**2. Investments**

At June 30, 2019, the Town had \$1,019,419 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

**3. Receivables - Allowances for Doubtful Accounts**

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

Fund	
General Fund:	
Taxes receivable	\$ 33,024

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4. Capital Assets

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Reclassification	Ending Balances
Capital assets not being depreciated:					
Land	\$ 292,119	-	-	-	\$ 292,119
Construction in progress	282,852	639,971	93,804	(198,732)	630,287
Total capital assets not being depreciated	574,971	639,971	93,804	(198,732)	922,406
Capital assets being depreciated:					
Buildings	3,087,723	56,460	-	-	3,144,183
Other improvements	4,887,844	113,916	-	198,732	5,200,492
Equipment	1,296,408	48,476	5,219	-	1,339,665
Vehicles and motorized equipment	2,005,683	161,166	129,980	-	2,036,869
Infrastructure	-	-	-	-	-
Total capital assets being depreciated	11,277,658	380,018	135,199	198,732	11,721,209
Less accumulated depreciation for:					
Buildings	984,792	83,946	-	-	1,068,738
Other improvements	1,161,937	140,477	-	-	1,302,414
Equipment	1,058,397	43,792	5,219	-	1,096,970
Vehicles and motorized equipment	1,155,494	232,167	95,680	-	1,291,981
Infrastructure	-	-	-	-	-
Total accumulated depreciation	4,360,620	500,382	100,899	-	4,760,103
Total capital assets being depreciated, net	6,917,038				6,961,106
Governmental activity capital assets, net	<u>\$ 7,492,009</u>				<u>\$ 7,883,512</u>

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

General government	\$ 38,125
Public safety	256,556
Environmental protection	52,353
Cultural and recreational	153,348
Total depreciation expense	<u>\$ 500,382</u>

**Construction commitments**

The Town has active construction projects as of June 30, 2019. At year-end, the Town's commitments are as follows:

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Project	Spent-to-date	Remaining Commitment
29-74 Greenway Project	\$ 609,348	\$ 606,552
Town Hall Repairs	24,970	565,030
Central Park Refurbishment	-	135,000
Community Center Renovation	-	145,000

**Discretely presented component unit**

Activity for the ABC Board for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 153,186	-	-	153,186
Total capital assets not being depreciated	153,186	-	-	153,186
Capital assets being depreciated:				
Building	\$ 790,501	-	-	790,501
Furniture and equipment	207,052	-	-	207,052
Vehicles	26,886	-	-	26,886
Leasehold improvements	106,447	-	-	106,447
Total capital assets being depreciated	1,130,886	-	-	1,130,886
Less accumulated depreciation for:				
Building	32,870	19,885	-	52,755
Furniture and equipment	40,426	21,775	-	62,201
Vehicles	12,546	5,377	-	17,923
Leasehold improvements	34,524	3,770	-	38,294
Total accumulated depreciation	120,366	50,807	-	171,173
ABC capital assets, net	\$ 1,163,706			\$ 1,112,899

**5. Notes Receivable**

The Town of Cramerton received a grant from The Historic Preservation Foundation of North Carolina in October, 2007. The Town then made a loan to a private developer, Mayworth School Apartments, LLC, from these funds on December 6, 2007 in the amount of \$400,000 to aid the developer in preserving and converting a historic building into a 40 unit apartment complex. The note calls for the developer to repay this loan to the Town in full on December 6, 2037 with no interest. The Town holds a Deed of Trust on the property, which is located at 236 Eighth Avenue, Cramerton, N.C.

**B. Liabilities**

**1. Pension Plan and Postemployment Obligations**

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**a. Local Governmental Employees' Retirement System**

*Plan Description.* The Town of Cramerton 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 North Carolina Senate, one appointed by the North Carolina 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, or by calling (919) 981-5454 or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

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*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Cramerton employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by LGERS Board of Trustees. The Town of Cramerton's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Cramerton were \$118,785 for the year ended June 30, 2019.

*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, 2019, the Town reported a liability of \$529,507 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.0223%, which was a decrease of 0.0002% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$141,025. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 81,690	\$ 2,741
Changes of assumptions	140,511	-
Net difference between projected and actual earnings on pension plan investments	72,685	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	17,227
Town contributions subsequent to the measurement date	118,785	-
Total	<u>\$ 413,671</u>	<u>\$ 19,968</u>

\$118,785 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2019	\$ 133,187
2020	86,961
2021	13,619
2022	41,152
2023	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 2017 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 asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the

**Town of Cramerton, North Carolina**  
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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:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 1,271,921	\$ 529,507	\$ (90,866)

*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.

**b. Law Enforcement Officers Special Separation Allowance**

*1. Plan Description.*

The Town of Cramerton administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	15
Total	<u>16</u>

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*2. Summary of Significant Accounting Policies:*

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

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

*3. Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflations and productivity factor
Discount rate	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate index as of December 31, 2017

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements Based on Scale AA.

*4. Contributions.*

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$31,899 as benefits came due for the reporting period.

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

At June 30, 2019, the Town reported a total pension liability of \$619,796. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$50,047.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 33,228	\$ 54
Changes of assumptions	26,856	31,543
Town benefit payments and plan administrative expense made subsequent to the measurement date	26,871	-
Total	<u>\$ 86,955</u>	<u>\$ 31,597</u>

\$26,871 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2019	\$ 3,809
2020	3,809
2021	3,809
2022	3,809
2023	4,481
Thereafter	2,922

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate.

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	<b>1% Decrease (2.64%)</b>	<b>Discount Rate (3.64%)</b>	<b>1% Increase (4.64%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 679,454	\$ 619,796	\$ 566,097

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

	<b>2019</b>
Beginning balance	\$596,152
Service Cost	25,793
Interest on the total pension liability	18,334
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	39,280
Changes of assumption or other inputs	(27,864)
Benefit payments	(31,899)
Other changes	-
Enging balance of the total pension liability	<u>\$619,796</u>

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

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	LGERS	LEOSSA	Total
Pension Expense	\$ 141,025	\$ 50,047	\$ 191,072
Pension Liability	529,507	619,796	1,149,303
Proportionate share of the net pension liability	0.02230%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	81,690	33,228	114,918
Changes of assumptions	140,511	26,856	167,367
Net difference between projected and actual earnings on plan investments	72,685	-	72,685
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	118,785	26,871	145,656
Deferred Inflows of Resources			
Differences between expected and actual experience	2,741	54	2,795
Changes of assumptions	-	31,543	31,543
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	17,227	-	17,227

**c. Supplemental Retirement Income Plan for Law Enforcement Officers**

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$46,943, which consisted of \$37,645 from the Town and \$9,298 from the law enforcement officers.

**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

d. Supplemental Retirement Income Plan for Employees Other than Law Enforcement Officers

*Plan Description.* All full-time employees of the Town other than law enforcement officers participate in the Supplemental Retirement Income Plan, a defined contribution plan. Participation begins on the date of full-time employment.

*Funding Policy.* The Town voluntarily contributes each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2018 were \$50,011, which consisted of \$32,826 from the Town and \$17,185 from employees.

e. Other Postemployment Benefit

Healthcare Benefits

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

*Benefits Provided.* Employees who retire with a minimum of 30 years of creditable service have the option of purchasing coverage for themselves through individual policies offered by private insurers. The Town pays the full retiree insurance premium cost through reimbursement to the retiree. Premium payments cease upon the retiree attaining Medicare eligibility. Employees who retire with less than 30 years of creditable service are not eligible for postemployment coverage. The Town Board may amend the benefit provisions. A separate report was not issued for the plan.

Retired Employees' Years  
of Creditable Service

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Less than 30 years	Not eligible for coverage
30+ years	Full coverage paid for by Town



**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

Membership of the HCB Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees receiving benefits	-	1
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	11	14
Total	11	15

**Total OPEB Liability**

The Town's total OPEB liability of \$462,087 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	3.5 – 7.75 percent, average, including inflation
Discount rate	3.89 percent
Healthcare cost trend rate	
Pre-Medicare	7.50 percent for 2017 decreasing to an ultimate Rate of 5.0 percent by 2023

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

**Changes in the Total OPEB Liability**

<b>Balance at July 1, 2018</b>	\$ 464,588
<b>Changes for the year</b>	
Service cost	19,981
Interest	16,067
Changes in benefit terms	-
Differences between expected and actual experience	5,553
Changes in assumptions or other inputs	(17,338)
Benefit payments	(26,764)
<b>Net changes</b>	(2,501)
<b>Balance at June 30, 2019</b>	462,087

**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January, 2010 through December, 2014.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	<u>1% Decrease (2.89%)</u>	<u>Discount Rate (3.89%)</u>	<u>1% Increase (4.89%)</u>
Total OPEB liability	\$ 516,968	\$ 462,087	\$ 413,876

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability \$	401,749	\$ 462,087	\$ 534,458

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$ 32,176. At June 30, 2019, the town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,101	\$ -
Changes in assumptions	-	39,660
Benefit payments and administrative costs made subsequent to the measurement date	18,428	-
Total	<u>\$ 23,529</u>	<u>\$ 39,660</u>

\$18,428 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2019	\$ (3,872)
2020	\$ (3,872)
2021	\$ (3,872)
2022	\$ (3,872)
2023	\$ (3,872)
Thereafter	\$ (15,199)

**2. Other Employment Benefits**

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability

**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

**3. Deferred Outflows and Inflows of Resources**

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 118,785
Benefit payments made and administrative expenses for LEOSA made subsequent to measurement date	26,871
Benefit payments made and administrative expenses for OPEB made subsequent to measurement date	23,529
Differences between expected and actual experience	114,918
Changes of assumptions	167,367
Net difference between projected and actual	72,685
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
Total	<u>\$ 524,155</u>

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

	Statement of General Fund Net Position	Balance Sheet
Prepaid taxes (General Fund)	\$ 53	\$ -
Prepaid grant revenue (General Fund)	120,000	\$ 120,000
Taxes receivable (General Fund), less penalties	-	22,658
Changes in assumptions	71,203	-
Differences between expected and actual experience	2,795	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,227	-
	<u>\$ 211,278</u>	<u>\$ 142,658</u>

**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

**4. Commitments**

The Town of Cramerton entered into an agreement with a private waste collection company for curbside garbage removal and recycling until June 30, 2020. The contract costs for the year ending June 30, 2019 will be approximately \$258,500.

The Town of Cramerton entered into a contract with a private company for right-of-way and parks mowing and landscape maintenance. The contract costs for the year ending June 30, 2020 will be approximately \$90,200.

The Town entered into an agreement with the Town of McAdenville to provide police services to McAdenville through the fiscal year ending June 30, 2020. The Town of McAdenville agrees to pay the Town of Cramerton for these services in the amount of \$215,000 for the year ending June 30, 2019.

The Town also entered into an agreement with the Town of McAdenville to provide fire protection services to McAdenville through the fiscal year ending June 30, 2020. The Town of McAdenville agrees to pay the Town of Cramerton for the services in the amount of \$55,000 for the year ending June 30, 2019. The Town anticipates this service contract to be renewed prior to expiration.

The Town has agreed to lease a portion of the Consolidated Public Works Facility to the City of Gastonia for a period of ten years, beginning July 1, 2011, with lease payments of \$28,452 per year. The City may exercise a purchase option during the term of the lease whereby the City would purchase the property for \$682,600. The City has notified the Town of its intent to exercise the purchase option with a proposed closing date of June 30, 2021.

The Town entered into an Infrastructure Reimbursement Agreement with VCM Bowman, LLC for the development of 139.56 acres within the town limits. The Town has agreed to share certain public street infrastructure cost within the light industrial, light manufacturing and commercial portions of the development. The Town will share 20% of reimbursable infrastructure cost up to a maximum of \$1,864,843 with required payments based upon the attainment of construction objectives measured by incremental growth in tax value. Computed payments will be made from ad valorem property taxes actually collected from the developer and at no time will the Town be obligated to pay more than 65% of taxes collected. This agreement, with an effective date April 1, 2014, expires upon the earlier of payments reaching the maximum amount or 15 years after the agreements effective date on April 1, 2029.

**5. 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 a self-funded risk-financing pool administered by the North Carolina League of Municipalities. Through

**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

this pool, the Town obtains workers' compensation coverage up to statutory limits. The pool is reinsured through commercial companies for single occurrence claims in excess of \$300,000 up to statutory limits for workers' compensation. The pool is 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 owns the building housing the Cramerton Fire Department. The building lies in a flood plain. The Town maintains \$125,000 of flood insurance on this property provided through the National Flood Insurance Program. This amount is deemed sufficient to cover any building repairs and content damage that may occur. The Town does not maintain flood insurance on any other properties as management does not believe the Town is at substantial risk.

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 for \$150,000. The finance officer is bonded under a separate bond for \$150,000.

**6. Claims, Judgements and Contingent Liabilities**

The Town is party to a lawsuit from a former employee. The plaintiff seeks post-employment benefits related to health care. The Town's legal counsel is unable to form an opinion as to the likely outcome of this suit. Management intends to vigorously defend the Town against this claim.

**7. Long-Term Obligations**

**a. Notes Payable**

Serviced by the General Fund:

\$533,000 USDA Rural Development note dated October 31, 2007 due in annual installments of \$28,452 through October 28, 2047; interest at 4.375%, secured by real property at 661 Eagle Road	\$ 462,116
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\$1,440,000 USDA Rural Development note dated April 19, 2012, due in annual installments of \$66,140 through April 19, 2052; interest at 3.375%, secured by real property at 155 N. Main St.	\$1,303,984
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\$1,000,000 USDA Rural Development note dated June 18, 2015, due in	
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**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

annual installments of \$46,830 through June 18, 2055; interest at 3.5%,  
 secured by real property at 149 Eighth Ave. \$ 949,606

\$650,000 note payable to a bank dated April 13, 2017, due in annual  
 installments of \$92,857 through April 13, 2024; interest at 2.0%, secured  
 by equipment. \$ 447,743

Annual debt service requirements to maturity for long-term obligations are as follows:

Year Ending June 30	Principal	Interest
2020	136,817	106,590
2021	138,401	103,075
2022	140,042	99,551
2023	141,744	95,967
2024	126,865	92,326
2025-2029	282,038	425,112
2030-2034	336,845	370,330
2035-2039	402,438	304,762
2040-2044	480,972	226,253
2045-2049	544,567	132,295
2050-2054	432,720	43,633
	<u>\$ 3,163,449</u>	<u>1,999,894</u>

At June 30, 2019, the Town of Cramerton had a legal debt margin of \$37,124,451.

The Town of Cramerton Fiscal Policy restricts direct net debt to 3% of total assessed property value and targets annual debt service to remain at or below 10% of total general fund expenditures but in any case not to exceed 12% with an aggregate direct debt ten year principal payout not to exceed 50% of expenditures. At June 30, 2019 the Town meets these self-imposed debt limits.

**c. Changes in Long-Term Liabilities**

	Beginning				Current
	Balance	Increases	Decreases	Ending Balance	Portion of
					Balance
Governmental activities:					
Notes payable	\$ 3,315,376	-	151,927	3,163,449	136,912
Compensated absences	73,402		6,000	67,402	-
Net pension liability (LGERS)	344,046	185,461		529,507	-
Total pension obligation (LEO)	596,152	23,644	-	619,796	-
Other post employment benefits	464,588		2,501	462,087	-
Governmental activity long-term liabilities	<u>\$ 4,793,564</u>	<u>209,105</u>	<u>160,428</u>	<u>4,842,241</u>	<u>136,912</u>

**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

Compensated absences for governmental activities have typically been liquidated in the General Fund

**C. Interfund Balances and Activity**

Transfers to/from other funds for the year ending June 30, 2019, consist of the following:

From the 29-74 Greenway Capital Project Fund to the General Fund	\$ 47,200
From the Veteran's Memorial Project to the General Fund	61,701
From the Cramer Mountain Sidewalk Project to the General Fund	21,916
From the General Fund to the Town Hall Repair Project	(440,500)
From the General Fund to the Central Park Refurbishment	(135,000)
From the General Fund to the Community Ctr Rennovation	(145,000)
From the General Fund to the Fleet Acquisition Fund	(100,000)
From the General Fund to the Veteran's Memorial Project	(69,000)

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs.

**D. Net Investment in Capital Assets**

Capital Assets	\$ 7,883,512
Less:	
Related Debt	<u>3,163,443</u>
Net Investment in Capital Assets	<u>\$ 4,720,069</u>



**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

**F. Fund Balance**

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

<i>Total fund balance-General Fund</i>	\$3,038,745
Less:	
Prepaid items	500
Stabilization by State Statute	447,579
Streets-Powell Bill	78,725
Committed for USDA reserves	141,700
Appropriated Fund Balance in 2019 Budget	250,000
Working Capital/Fund Balance Policy	1,999,440
Remaining fund balance	120,801

The Town has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 40% of budgeted expenditures.

**III. Jointly Governed Organization**

The Town, in conjunction with eight counties and fifty other municipalities, established the Centralina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$1,187 to the Council during the fiscal year ended June 30, 2019.

**IV. Summary Disclosure of Significant Contingencies**

**Federal and State Assisted Programs**

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

**Town of Cramerton, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

**V. Unusual Item**

The Town abandoned a project to construct sidewalks to a nearby school. The amount incurred to date for costs related to this project is \$93,804 and has been recognized in these statements as a loss in the Statement of Activities.

**VI. Restatement**

The Town abandoned a project to construct sidewalks to a nearby school. As part of the activity of the project in prior years, the Town recorded a receivable in the amount of \$82,088 for grant revenues related to this project the Town believed had been earned. As the project will not be completed, the grant revenues will not be requested. The receivable for these revenues has been removed from these statements and the resulting restatement of beginning net position has been recognized in the Statement of Activities on page 2 and a restatement of fund balance in the Statement of Revenues, Expenditures, and Changes in Fund Balance on page 4.

Required  
Supplementary Financial Data

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

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- Schedule of Changes in the Total OPEB Liability and Related Ratios
- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in the Total Pension Liability – Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

**Town of Cramerton, North Carolina**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**6/30/2019**

<b>Total OPEB Liability</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 19,981	\$ 21,909
Interest	16,067	14,088
Change of benefit terms	-	-
Differences between expected and actual experience	5,553	86
Changes of of assumptions	(17,338)	(29,496)
Benefit payments	(26,764)	(19,906)
<b>Net Change in total OPEB liability</b>	<b>(2,501)</b>	<b>(13,319)</b>
<b>Total OPEB liability - beginning</b>	<b>464,588</b>	<b>477,907</b>
<b>Total OPEB liability - ending</b>	<b>462,087</b>	<b>464,588</b>
 <b>Covered payroll</b>	 \$ 1,150,489	 \$ 1,150,489
<b>Total OPEB liability as a percentage of covered payroll</b>	<b>40.16%</b>	<b>40.38%</b>

**Notes to Schedule**

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

<b>Fiscal year</b>	<b>Rate</b>
2019	3.89%
2018	3.56%

**Town of Cramerton, North Carolina**  
**Town's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Five Fiscal Years \***

**Local Government Employees' Retirement System**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Cramerton's proportion of the net pension liability (asset) (%)	0.02232%	0.02520%	0.02340%	0.02368%	0.02428%	0.02310%
Cramerton's proportion of the net pension liability (asset) (\$)	\$ 529,507	\$ 344,043	\$ 497,478	\$ 106,276	\$ (143,189)	\$ 278,444
Cramerton's covered-employee payroll	\$1,442,127	\$1,352,913	\$1,330,570	\$1,277,518	\$1,421,210	\$1,367,696
Cramerton's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.72%	25.43%	37.39%	8.32%	( 10.08%)	20.36%
Plan fiduciary net position as a percentage of the total pension liability**	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 Cramerton, North Carolina**  
**Town's Contributions to Local Government**  
**Employees' Retirement System**  
**Required Supplementary Information**  
**Last Four Fiscal Years**

**Local Government Employees' Retirement System**

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 118,785	\$ 107,755	\$ 102,497	\$ 89,206	\$ 87,984	\$ 84,528
Contributions in relation to the contractually required contribution	118,785	107,755	102,497	89,206	87,984	84,528
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Cramerton's covered-employee payroll	\$ 1,442,127	\$ 1,352,913	\$ 1,330,570	\$ 1,277,518	\$ 1,421,210	\$ 1,367,696
Contributions as a percentage of covered-employee payroll	8.24%	7.96%	7.70%	6.98%	6.19%	6.18%

**Town of Cramerton, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 596,152	\$ 525,006	\$ 508,254
Service Cost	25,793	23,063	23,971
Interest on the total pension liability	18,334	20,058	17,953
Changes in benefit terms	-	-	-
Difference between expected and actual experience in the measurement of the total pension liability	39,280	(78)	-
Changes of assumption or other inputs	(27,864)	38,820	(14,455)
Benefit payments	(31,899)	(10,717)	(10,717)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 619,796</u>	<u>\$ 596,152</u>	<u>\$ 525,006</u>

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

**Town of Cramerton, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 619,796	\$ 596,152	\$ 525,006
Covered payroll	703,145	682,779	690,915
Total pension liability as a percentage of covered payroll	88.15%	87.31%	75.99%

Notes to the schedules:

The Town of Cramerton has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.



**Town of Cramerton, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes	\$	2,395,905	
Penalties and interest		7,021	
Total	<u>2,376,700</u>	<u>2,402,926</u>	<u>26,226</u>
Other taxes and licenses:			
Privilege license revenue	<u>-</u>	<u>400</u>	<u>400</u>
Unrestricted intergovernmental:			
Local option sales tax		915,167	
Beer and wine tax		21,673	
Electric utility franchise tax		211,740	
Excise tax on piped natural gas		17,810	
Sales tax on telecommunication		16,091	
Sales tax on video programming		40,478	
ABC profit distribution		96,925	
Total	<u>1,166,500</u>	<u>1,319,884</u>	<u>153,384</u>
Restricted intergovernmental:			
Powell Bill allocation		123,560	
Solid waste disposal tax		3,727	
ABC revenue for law enforcement		114	
Fire department grant revenue		19,599	
Police grant		1,348	
Recreation department grant revenue		-	
Other state grants		-	
Gaston County SRO grant		15,000	
Total	<u>165,500</u>	<u>163,348</u>	<u>(2,152)</u>
Permits and fees:			
Zoning permits	<u>36,000</u>	<u>37,978</u>	<u>1,978</u>
Sales and services:			
Recreation department fees	<u>136,000</u>	<u>139,976</u>	<u>3,976</u>
Investment earnings	<u>65,000</u>	<u>69,569</u>	<u>4,569</u>
Miscellaneous:			
McAdenville police service revenue		215,000	
McAdenville fire service revenue		55,000	
Building lease		28,452	
Other income		220,523	
Total	<u>486,800</u>	<u>518,975</u>	<u>32,175</u>
Total revenues	<u>4,432,500</u>	<u>4,653,056</u>	<u>220,556</u>

**Town of Cramerton, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
General government:			
Governing Board:			
Salaries and employee benefits		20,769	
Other operating expenditures		39,971	
Total	66,100	60,740	5,360
Administration:			
Salaries and employee benefits		354,648	
Professional services		124,902	
Other operating expenditures		141,288	
Total	638,400	620,838	17,562
Planning and zoning:			
Salaries and employee benefits		70,633	
Other operating expenditures		280,301	
Total	387,000	350,934	36,066
Total general government	1,091,500	1,032,512	58,988
Public safety:			
Police:			
Salaries and employee benefits		1,177,863	
Fuel and vehicle maintenance		62,817	
Other operating expenditures		709,901	
Total	2,008,400	1,950,581	57,819
Fire:			
Salaries and employee benefits		135,216	
Fuel and vehicle maintenance		18,733	
Other operating expenditures		84,594	
Total	251,100	238,543	12,557
Total public safety	2,259,500	2,189,124	70,376

**Town of Cramerton, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	Budget	Actual	Variance Positive (Negative)
Public works:			
Streets and sanitation:			
Salaries and employee benefits		193,109	
Fuel and vehicle maintenance		21,850	
Other operating expenditures		230,058	
Solid waste collection fees		241,834	
Total public works	701,100	686,851	14,249
Recreation:			
Salaries and employee benefits		336,721	
Fuel and vehicle maintenance		2,188	
Other operating expenditures		319,055	
Total recreation	684,200	657,964	26,236
Capital Outlay:			
Buildings		56,460	
Vehicles		161,165	
Equipment		48,476	
Other		113,916	
Total capital outlay	419,500	380,017	39,483
Debt service:			
Principal retirement	152,500	151,931	
Interest and other charges	111,100	110,247	
Total debt service	263,600	262,178	1,422
Total expenditures	5,419,400	5,208,646	210,754
Revenues over (under) expenditures	(986,900)	(555,590)	431,310
<b>Other financing sources (uses):</b>			
Operating transfers from other funds	-	130,817	130,817
Operating transfers to other funds	(977,000)	(889,500)	87,500
Proceeds of installment loan	-	-	-
Proceeds from installment sale	-	-	-
Sales of capital assets	115,000	103,100	(11,900)
Total other financing sources (uses)	(862,000)	(655,583)	206,417
Fund balance appropriated	1,848,900	-	(1,848,900)
Net change in fund balance	\$ -	(1,211,173)	(1,211,173)
Fund balances:			
Beginning of year, July 1		4,249,918	
End of year, June 30		\$ 3,038,745	

**Town of Cramerton, North Carolina**  
**Governmental Capital Projects Fund-29-74 Greenway Project**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Federal and state grants-USDOT	\$ 608,000	105,214	337,164	442,378	(165,622)
Other grants	\$ 198,500	39,245	109,255	148,500	(50,000)
Public contributions	5,000	5,000	-	5,000	-
Total revenues	<u>811,500</u>	<u>149,459</u>	<u>446,419</u>	<u>595,878</u>	<u>(215,622)</u>
<b>Expenditures:</b>					
Administrative costs	180,000	263	106,882	107,145	72,855
Engineering services	136,500	136,450	-	136,450	50
Construction costs	792,200	-	352,479	352,479	439,721
Contingency	60,000	12,746	528	13,274	46,726
Total	<u>1,168,700</u>	<u>149,459</u>	<u>459,889</u>	<u>609,348</u>	<u>559,352</u>
Revenues under expenditures	<u>(357,200)</u>	<u>-</u>	<u>(13,470)</u>	<u>(13,470)</u>	<u>343,730</u>
<b>Other Financing Sources:</b>					
Transfers from other funds:					
General Fund	404,400	404,400	-	404,400	-
Transfers to other funds:					
General Fund	(47,200)	-	(47,200)	(47,200)	-
Total other financing sources	<u>357,200</u>	<u>404,400</u>	<u>(47,200)</u>	<u>357,200</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>404,400</u>	<u>(60,670)</u>	<u>343,730</u>	<u>343,730</u>
Fund balance, beginning			465,400		
Fund balance, ending			<u>\$ 404,730</u>		

**Town of Cramerton, North Carolina**  
**Governmental Capital Projects Fund-Town Hall Repair Project**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
	\$ -	-	-	-	-
Total revenues	-	-	-	-	-
<b>Expenditures:</b>					
Engineering services	30,000	4,000	20,940	24,940	5,060
Construction costs	458,200	-	-	-	458,200
Community center repair costs	73,800	-	-	-	73,800
Administrative costs	3,000	-	30	30	2,970
Contingency	25,000	-	-	-	25,000
Total	590,000	4,000	20,970	24,970	565,030
Revenues under expenditures	(590,000)	(4,000)	(20,970)	(24,970)	565,030
<b>Other Financing Sources:</b>					
Transfers from other funds:					
General Fund	590,000	149,500	440,500	590,000	-
Total other financing sources	590,000	149,500	440,500	590,000	-
Net change in fund balance	\$ -	145,500	419,530	565,030	565,030
Fund balance, beginning			145,500		
Fund balance, ending			\$ 565,030		

**Town of Cramerton, North Carolina**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

	Stormwater Fund	Capital Project Veteran's Memorial	Capital Project Central Park Refurbish	Capital Project Community Ctr. Rennov.	Capital Project Cramer Mountain Sidewalk	Capital Project Street Repair and Resurfacing	Capital Project Fleet Acq. Fund	Total Non-Major Governmental Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 201,510	-	135,000	145,000	-	9	100,000	581,519
Accounts receivable, net	-	-	-	-	-	-	-	-
Due from other governments	16,118	-	-	-	-	-	-	16,118
Due from other funds	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>217,628</b>	<b>-</b>	<b>135,000</b>	<b>145,000</b>	<b>-</b>	<b>9</b>	<b>100,000</b>	<b>597,637</b>
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable and accrued expenditures	2,825	-	-	-	-	-	-	2,825
Deferred revenues	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>2,825</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,825</b>
<b>Fund balances:</b>								
<b>Assigned:</b>								
Designated for stormwater maintenance	214,803	-	-	-	-	-	-	214,803
Designated for general government	-	-	-	145,000	-	-	100,000	245,000
Designated for recreation	-	-	135,000	-	-	-	-	135,000
Designated for streets	-	-	-	-	-	9	-	9
Designated for subsequent year's expenditures	-	-	-	-	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fund balances (deficit)</b>	<b>214,803</b>	<b>-</b>	<b>135,000</b>	<b>145,000</b>	<b>-</b>	<b>9</b>	<b>100,000</b>	<b>594,812</b>
<b>Total liabilities and fund balances</b>	<b>\$ 217,628</b>	<b>-</b>	<b>135,000</b>	<b>145,000</b>	<b>-</b>	<b>9</b>	<b>100,000</b>	<b>597,637</b>

**Town of Cramerton, North Carolina**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

	Stormwater Fund	Capital Project Veteran's Memorial	Capital Project Central Park Refurbish	Capital Project Community Ctr. Renov.	Grant Project Cramer Mountain Sidewalk	Capital Project Street Repairs and Resurfacing	Capital Project Fleet Acquisition Fund	Total Non-Major Governmental Funds
<b>Revenues:</b>								
Sales and services	\$ 122,281	-	-	-	-	-	-	122,281
Restricted intergovernmental	-	-	-	-	-	-	-	-
Contributions from other municipal	-	-	-	-	-	-	-	-
Public contributions	-	29,236	-	-	-	-	-	29,236
Other revenue	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>122,281</b>	<b>29,236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>151,517</b>
<b>Expenditures:</b>								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Public works	103,694	-	-	-	-	-	-	103,694
Recreation	-	168,448	-	-	-	-	-	168,448
<b>Total expenditures</b>	<b>103,694</b>	<b>168,448</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>272,142</b>
<b>Excess of revenues over expenditures</b>	<b>18,587</b>	<b>(139,212)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(120,625)</b>
<b>Other financing sources (uses)</b>								
Transfers in	-	69,000	135,000	145,000	(21,916)	-	100,000	427,084
Transfers out	-	(61,701)	-	-	-	-	-	(61,701)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>7,299</b>	<b>135,000</b>	<b>145,000</b>	<b>(21,916)</b>	<b>-</b>	<b>100,000</b>	<b>365,383</b>
<b>Net change in fund balance</b>	<b>18,587</b>	<b>(131,913)</b>	<b>135,000</b>	<b>145,000</b>	<b>(21,916)</b>	<b>-</b>	<b>100,000</b>	<b>244,758</b>
<b>Fund balance, before restatement</b>	<b>196,216</b>	<b>131,913</b>	<b>-</b>	<b>-</b>	<b>104,004</b>	<b>9</b>	<b>-</b>	<b>432,142</b>
Restatement	-	-	-	-	(82,088)	-	-	(82,088)
<b>Fund balance, beginning as restated</b>	<b>196,216</b>	<b>131,913</b>	<b>-</b>	<b>-</b>	<b>21,916</b>	<b>9</b>	<b>-</b>	<b>350,054</b>
<b>Fund balance, ending</b>	<b>\$ 214,803</b>	<b>-</b>	<b>135,000</b>	<b>145,000</b>	<b>-</b>	<b>9</b>	<b>100,000</b>	<b>594,812</b>

**Town of Cramerton, North Carolina**  
**Stormwater Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Stormwater fees	\$	122,281	
Miscellaneous revenue		-	
Interest earnings		-	
Total revenues	<u>87,700</u>	<u>122,281</u>	<u>34,581</u>
Expenditures:			
Salaries and employee benefits		85,329	
Professional services		14,171	
Construction supplies		-	
Permits		860	
Public information & education		-	
Dues and subscriptions		1,500	
Contracted collection service		1,834	
Total expenditures	<u>85,000</u>	<u>103,694</u>	<u>(18,694)</u>
Transfers to Street Repairs & Resurfacing Project	<u>(90,000)</u>	<u>-</u>	<u>90,000</u>
Revenues over expenditures	<u>\$ (87,300)</u>	<u>18,587</u>	<u>105,887</u>
Fund balance beginning		196,216	
Fund balance ending		<u>\$ 214,803</u>	



**Town of Cramerton, North Carolina**  
**Governmental Capital Projects Fund-Veteran's Memorial**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
Public contributions	\$ 180,000	151,976	29,236	181,212	1,212
Other revenue		18	-	18	18
Total revenues	<u>180,000</u>	<u>151,994</u>	<u>29,236</u>	<u>181,230</u>	<u>1,230</u>
<b>Expenditures:</b>					
Engineering services	18,400	15,120	1,585	16,705	1,695
Construction costs	178,000	18,300	157,391	175,691	2,309
Administrative costs	7,500	1,550	9,441	10,991	(3,491)
Other costs	100	111	31	142	(42)
Total	<u>204,000</u>	<u>35,081</u>	<u>168,448</u>	<u>203,529</u>	<u>471</u>
Revenues under expenditures	<u>(24,000)</u>	<u>116,913</u>	<u>(139,212)</u>	<u>(22,299)</u>	<u>1,701</u>
<b>Other Financing Sources:</b>					
Transfers from other funds:					
General Fund	84,000	15,000	69,000	84,000	-
Transfers to other funds:					
General Fund	(60,000)	-	(61,701)	(61,701)	(1,701)
Total other financing sources	<u>24,000</u>	<u>15,000</u>	<u>7,299</u>	<u>22,299</u>	<u>(1,701)</u>
Net change in fund balance	<u>\$ -</u>	<u>131,913</u>	<u>(131,913)</u>	<u>-</u>	<u>-</u>
Fund balance, beginning			131,913		
Fund balance, ending			<u>\$ -</u>		

**Town of Cramerton, North Carolina**  
**Governmental Capital Projects Fund-Street Repairs & Resurfacing Project**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
State grant	\$ -	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	-	-	-	-	-
<b>Expenditures:</b>					
Engineering services	-	59,824	-	59,824	(59,824)
Repairs and resurfacing costs	933,000	807,997	-	807,997	125,003
Administrative costs	20,000	9,305	-	9,305	10,695
Contingency	47,000	-	-	-	47,000
Total	1,000,000	877,126	-	877,126	122,874
Revenues over(under) expenditures	(1,000,000)	(877,126)	-	(877,126)	122,874
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
General Fund - Powell Bill	200,000	77,135	-	77,135	(122,865)
Sormwater Fund	150,000	150,000	-	150,000	-
Other Financing Sources (Uses):					
Proceeds from borrowing	650,000	650,000	-	650,000	-
Total other financing	1,000,000	877,135	-	877,135	-
Net change in fund balance	\$ -	9	-	9	122,874
Fund balance, beginning			9		
Fund balance, ending			\$ 9		

**Town of Cramerton, North Carolina**  
**Governmental Capital Projects Fund-Cramer Mountain Sidewalk**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
State grant	\$ 590,000	61,566	-	61,566	(528,434)
Other revenues	87,500	20,522	-	20,522	(66,978)
Total revenues	<u>677,500</u>	<u>82,088</u>	<u>-</u>	<u>82,088</u>	<u>(595,412)</u>
<b>Expenditures:</b>					
Engineering services	91,000	93,174	-	93,174	(2,174)
Construction costs	701,300	630	-	630	700,670
Contingency	91,000				
Total	<u>883,300</u>	<u>93,804</u>	<u>-</u>	<u>93,804</u>	<u>698,496</u>
Revenues over(under) expenditures	<u>(205,800)</u>	<u>(11,716)</u>	<u>-</u>	<u>(11,716)</u>	<u>103,084</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
Lakewood/Eagle Road Sidewalk Proj	7,300	7,220	-	7,220	(80)
General fund	108,500	108,500	(21,916)	86,584	(21,916)
Stormwater fund	90,000	-	-	-	(90,000)
Total other financing sources	<u>205,800</u>	<u>115,720</u>	<u>(21,916)</u>	<u>93,804</u>	<u>(111,996)</u>
Net change in fund balance	<u>\$ -</u>	<u>104,004</u>	<u>(21,916)</u>	<u>82,088</u>	<u>(8,912)</u>
Fund balance, before restatement			104,004		
Restatement			<u>(82,088)</u>		
Fund balance, beginning as restated			21,916		
Fund balance, ending			<u>\$ -</u>		

**Town of Cramerton, North Carolina**  
**Governmental Capital Projects Fund-Central Park Refurbishment**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
State grant	\$ -	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	-	-	-	-	-
<b>Expenditures:</b>					
Engineering services	15,000		-	-	15,000
Grading and landscaping	25,000		-	-	25,000
Parking improvements	25,000				
Trail surfacing	40,000				
Mountain bike trail	18,000				
Administrative costs	2,000		-	-	2,000
Contingency	10,000	-	-	-	10,000
Total	135,000	-	-	-	52,000
Revenues over(under) expenditures	(135,000)	-	-	-	52,000
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
General Fund	135,000		135,000	135,000	-
Total other financing source	135,000	-	135,000	135,000	-
Net change in fund balance	\$ -	-	135,000	135,000	52,000
Fund balance, beginning			-		
Fund balance, ending			\$ 135,000		

**Town of Cramerton, North Carolina**  
**Governmental Capital Projects Fund-Community Center Renovation**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
State grant	\$ -	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	-	-	-	-	-
<b>Expenditures:</b>					
Construction costs	136,000		-	-	136,000
Administrative costs	2,000		-	-	2,000
Contingency	7,000	-	-	-	7,000
Total	145,000	-	-	-	145,000
Revenues over(under) expenditures	(145,000)	-	-	-	145,000
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
General Fund	145,000		145,000	145,000	-
Total other financing sources	145,000	-	145,000	145,000	-
Net change in fund balance	\$ -	-	145,000	145,000	145,000
Fund balance, beginning			-		
Fund balance, ending			\$ 145,000		

**Town of Cramerton, North Carolina**  
**Governmental Capital Projects Fund-Fleet Acquisition Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
**From Inception and For the Fiscal Year Ended June 30, 2019**

	Project Author - ization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues:</b>					
	\$ -	-	-	-	-
	-	-	-	-	-
Total revenues	-	-	-	-	-
<b>Expenditures:</b>					
Total	-	-	-	-	-
Revenues over(under) expenditures	-	-	-	-	-
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds:					
General Fund	100,000		100,000	100,000	-
	(100,000)				
Total other financing sources	-	-	100,000	100,000	-
Net change in fund balance	\$ -	-	100,000	100,000	-
Fund balance, beginning			-		
Fund balance, ending			\$ 100,000		

## Other Schedules

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This section contains additional information required on property taxes.

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

**Town of Cramerton, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2019**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	2,392,483	2,381,927	10,556
2017-2018	16,935	-	9,387	7,548
2016-2017	4,642	-	1,052	3,590
2015-2016	3,102	-	434	2,668
2014-2015	3,762	-	32	3,730
2013-2014	5,888	-	73	5,815
2012-2013	5,656	-	215	5,441
2011-2012	6,769	-	114	6,655
2010-2011	3,497	-	68	3,429
2009-2010	3,256	-	49	3,207
2008-2009	2,639	-	1,722	917
	<u>\$ 56,146</u>	<u>2,392,483</u>	<u>2,395,073</u>	<u>53,556</u>

Less: allowance for uncollectible accounts:

General Fund 33,024

Ad valorem taxes receivable - net \$ 20,532

Reconciliation with revenues:

Ad valorem taxes - General Fund \$ 2,395,905

Reconciling items:

Interest collected (5,468)

Taxes written off -

Abatements and adjustments 4,636

Subtotal (832)

Total collections and credits \$ 2,395,073



**Town of Cramerton, North Carolina**  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
**For the Fiscal Year Ended June 30, 2019**

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 504,215,520	\$0.475	2,395,024	2,140,356	254,668
Registered motor vehicles taxed at prior year's rate	-	\$0.475	-	-	-
Penalties	-		487	487	-
Total	<u>504,215,520</u>		<u>2,395,511</u>	<u>2,140,843</u>	<u>254,668</u>
Discoveries:					
Current year taxes	88,819	\$0.475	422	422	-
Penalties	-		-	-	-
Total	<u>88,819</u>		<u>422</u>	<u>422</u>	<u>-</u>
Abatements:					
Current year taxes	708,711	\$0.475	3,435	1,770	1,665
Penalties	-		14	14	-
Total	<u>708,711</u>		<u>3,449</u>	<u>1,784</u>	<u>1,665</u>
Total property valuation	<u>\$ 503,595,628</u>				
Net levy			2,392,484	2,139,481	253,003
Uncollected taxes at June 30, 2018			<u>10,556</u>	<u>10,556</u>	<u>-</u>
Current year's taxes collected			<u>\$ 2,381,722</u>	<u>2,128,925</u>	<u>252,797</u>
Current levy collection percentage			<u>99.55%</u>	<u>99.51%</u>	<u>99.92%</u>

## Compliance Section

**COLLIS AND ASSOCIATES, CPAs, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

103 EAST THIRD AVENUE  
GASTONIA, NORTH CAROLINA 28052  
704 / 867-0201

**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  
Town of Cramerton, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Cramerton, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Town of Cramerton's basic financial statements, and have issued our report thereon dated November 21, 2019. Our report includes a reference to other auditors who audited the financial statements of the Town of Cramerton ABC Board, as described in our report on the Town of Cramerton's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Cramerton ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Cramerton'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 Cramerton's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of the internal control over financial reporting 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.

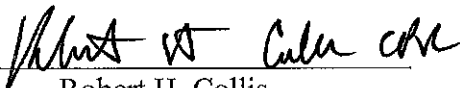
#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Cramerton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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.

COLLIS AND ASSOCIATES, CPAs, P.C.

By   
Robert H. Collis

Gastonia, North Carolina  
November 21, 2019

**TOWN OF CRAMERTON, NORTH CAROLINA**  
**Schedule of Findings and Responses**  
**For the Fiscal Year Ended June 30, 2019**

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**Section I    Summary of Auditor's Results**

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Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?              yes          X  no
  
- Significant Deficiency(s) identified  
  that are not considered to be  
  material weaknesses                              yes          X  none reported

Noncompliance material to financial  
statements noted                                      yes          X  no

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**Section II    Financial Statement Findings**

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None reported

**Town of Cramerton, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2019**

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**Section II Financial Statement Findings**

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None reported

**Town of Cramerton, North Carolina  
Summary Schedule of Prior Audit Findings  
For the Fiscal Year Ended June 30, 2019**

No prior year findings reported.