

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ending June 30, 2019

Board of Commissioners

Robert V. Wheeler, Mayor
Ernie Anderson, Mayor Pro Tem
Archer Wilkins
Del Mims
Neena Nowell
Herman Wilkerson

Administrative and Financial Staff

Korena L. Weichel, City Manager
Reuben D. Carden, Finance Director

Prepared by:

Finance Department,
City of Creedmoor

CITY OF CREEDMOOR BOARD OF COMMISSIONERS



From Left to Right, Board of Commissioners as of June 30, 2019: Commissioner Del Mims, Commissioner Archer Wilkins, Mayor Robert V. Wheeler, Mayor Pro Tem Ernie Anderson, Commissioner Herman Wilkerson, Commissioner Neena Nowell.

Cover Photo: Aerial Photo of Downtown Creedmoor, North Carolina

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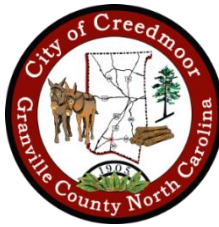
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City of Creedmoor North Carolina

INTRODUCTORY SECTION

This section, containing unaudited information, introduces the reader to the report and to the City. It includes the letter of transmittal, key staff members and other information regarding the City.



November 8, 2019

City of Creedmoor, North Carolina
Post Office Box 765
Creedmoor, North Carolina 27522
www.cityofcreedmoor.org

To the Board of Commissioners and Citizens of the City of Creedmoor:

This Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019, is intended to provide in detail how the City receives, spends, and accounts for its money. Key information of the City's financial condition is included along with selected operating measures in the Statistical Section. These measurements are specific to Creedmoor and are intended to show how well the City is meeting typical city responsibilities. In keeping with management's goal, the financial indicators and benchmarks are presented in as clear a format as possible, to be more informative and useful to the citizens of Creedmoor.

The CAFR consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of the City has established a system of internal controls designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of its financial statements in accordance with generally accepted accounting principles, commonly known as "GAAP". The City's management team has also established the control system to provide reasonable assurance that the financial statements will be free from material misstatement. As members of the management team, we assert that to the best of our knowledge and belief, this seventh Comprehensive Annual Financial Report is complete to the best of our ability and is reliable in all material respects.

The City's financial statements have been audited by the independent accounting firm of Winston, Williams, Creech, Evans and Company, LLP, of Oxford, North Carolina. The objective of the independent audit is to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2019, are free of material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls 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. An annual financial audit is also required by North Carolina General Statute §159-34. The City's independent auditor concluded, based on the results of the audit procedures, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2019. An unmodified, or "clean," opinion is what all audited local governments should be working toward. The independent auditor's report is

presented as the first component of the financial section of this report.

As required by GAAP, the Management Discussion and Analysis (MD&A) is presented in narrative form to introduce the basic financial statements and to provide an overview and analysis of the financial operations for the fiscal year ended June 30, 2019. This letter of transmittal is designed to complement and amplify the MD&A and should be read in conjunction with the MD&A. The MD&A is located immediately following the independent auditor's report and includes more illustrative tables than this letter of transmittal.

Financial Reporting Entity

The funds related to the City of Creedmoor that are included in our CAFR represent those funds for which the primary government is financially accountable. There are no other entities or organizations for which the City of Creedmoor is financially accountable that should be included in the CAFR. The criteria used in determining the reporting entity are consistent with the Government Accounting Standards Board (GASB) Statement 14, which defines a reporting entity. Based on these criteria, the various funds (being all the funds of the City) shown in the Table of Contents are included in this report.

Profile of the City of Creedmoor

The City of Creedmoor is located in the southern end of Granville County, North Carolina with the Virginia state line forming the northern border. The Raleigh-Durham-Chapel Hill metropolitan areas border the southern and southwestern parts of the City, all conveniently connected and accessible via a short commute on Interstate I-85, US Highway 15, or NC Highway 50. For the County as a whole, there has been a shift away from the traditional industries, such as tobacco production and textiles, to a more diverse industrial and service-based economy. More detailed information on this issue is in the Factors Influencing Economic Conditions section, below.

While Granville County does have major corporate employers such as Revlon, Bridgestone-Bandag, and CertainTeed, none of those businesses are located in the City of Creedmoor. A majority of Creedmoor residents work outside of the City, making a 20-25 minute commute southward to Raleigh, the State Capital, or to the southwest to Durham or Chapel Hill. The City's leaders and Business Development Department continue to actively seek businesses and industries that would benefit from Creedmoor's existing industrial sites and convenient access to highways.

The City of Creedmoor administers its financial and daily affairs using the Council/Manager form of government. Policy-making and legislative authority is vested in the Creedmoor Board of Commissioners (the Board), consisting of the non-voting Mayor and five Commissioners. The Mayor is elected every two years and the Commissioners to staggered four-year terms. The Board is responsible for governing the City by adopting local ordinances, adopting an annual budget, and establishing annual property tax rates. The Board also hires the City Manager and appoints members to various other boards and commissions. The Board may also call bond referendums, enter into contracts, and establish new programs.

The City Manager is the chief administrative officer of the City. The major responsibilities of the Manager include the day-to-day supervision of the activities of City departments, attendance at Board meetings, making recommendations on matters of business, and preparing and recommending the annual budget. The City provides a full range of services including: economic development, public safety, general public works, street and highway maintenance, parks and recreation services, and planning and zoning. Creedmoor citizens contract individually with South

Granville Water and Sewer Authority (SGWASA) for water and sewer services and with Waste Industries for solid waste services.

The annual budget provides the foundation for the City's financial planning and control. The budget is a legally adopted ordinance, the development of which receives input from citizens, management team members, Commissioners and other interested parties. The format and required budget elements are spelled out in NC General Statute §159, Article 3, commonly known as The Local Government Budget and Fiscal Control Act. The Manager uses funding requests from all departments and agencies to develop a proposed budget that is presented to the Board of Commissioners for their review and approval.

Factors Influencing Economic Conditions

Creedmoor's proximity to the urban core of Raleigh and Durham makes it convenient for citizens to live in the City and commute throughout the region for employment. Because of this, the City has traditionally been a bedroom community attracting highly trained and skilled professionals, consistently keeping the median household income above the state average.

As described in previous CAFR's, the City of Creedmoor continues to make data collection, performance management, and analytical procedures part of the everyday operating environment. Table 19 in the Statistical Section shows some of these operational workload and performance measures. While workload measurement is rudimentary performance management, it must be done before more interpretive analytical procedures can be done.

City Initiatives

The Board of Commissioners and City staff continue to take actions intended to improve the financial condition of the City, increase the efficiency of daily operations, and improve the quality of life for its citizens. The following is a summary of achievements accomplished in the past year:

The City began construction of sidewalks/greenways along Highway 56, Lake Road, & Highway 15. These projects are primarily funded by grants provided by NC Department of Transportation, with matching funds provided by the City. These greenways will connect downtown Creedmoor with the surrounding residential areas of the City. The expected completion date for this project is early Fiscal Year 2021, depending on weather conditions and any unforeseen changes.

The City also began the renovation and construction phase of the Creedmoor Community Center. This project is primarily funded by the proceeds from the water/sewer system sale to SGWASA in 2015, with additional funding assistance from Granville County & the NC Parks and Recreation Trust Fund Grant. The Community Center will consist of a basketball court with walking track, multi-purpose room, office space, and an outdoor multi-purpose field. Granville County will continue to operate the Senior Center from this location. The expected completion date for construction is late Fiscal Year 2020, depending on weather conditions and any unforeseen changes.

The Lake Rogers Improvement project began construction, which consists of two phases. The majority of Phase I has been completed, which includes a new picnic shelter, entrance sign, repairs to the existing fishing pier, and landscaping. Phase II, which includes a new boardwalk, walking trails, and fishing platforms, began construction in Fiscal Year 2020 and is expected to finish before year end.

Awards and Accolades

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Creedmoor for its

Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the tenth consecutive year that the City of Creedmoor achieved the prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. City management believes that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and the CAFR will be submitted to the GFOA to determine its eligibility for another certificate.

We appreciate the assistance and dedication of all employees in carrying out the services and programs approved by the Board of Commissioners. Preparation of this report would not have been possible without the efforts of the Creedmoor Finance Department, the Creedmoor Management Team, and the independent auditors, Winston, Williams, Creech, Evans & Company, LLP.

Respectfully Submitted,



Korena L. Weichel
Interim City Manager



Reuben D. Carden
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Creedmoor
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

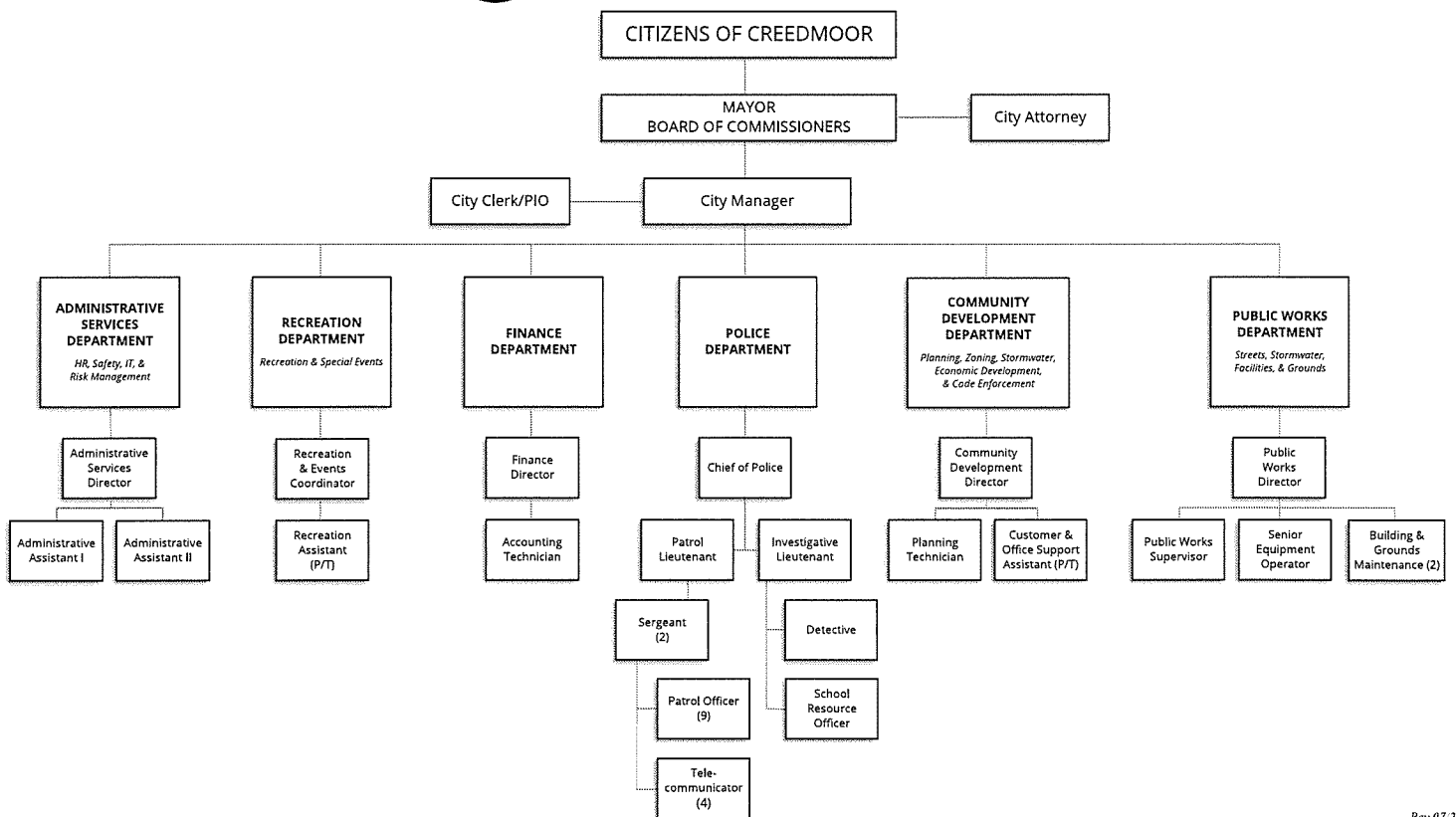
June 30, 2018

Christopher P. Morill

Executive Director/CEO



City of Creedmoor
ORGANIZATIONAL CHART



History

In 1885, a group of twenty five taxpayers of Granville County appeared before the Board of Commissioners for the County of Granville with a petition from the Dutchville Township. The petition made a proposition to subscribe ten thousand dollars to the capital stock of the Oxford and Clarksville Railroad Company. Under the provisions of the act of the General Assembly of North Carolina which was entitled "An Act to Incorporate," the Oxford and Clarksville Railroad Company was notified on the 28th day of February 1885.

The proposal was thereby approved under the provisions of the General Assembly of North Carolina. As a result it was ordered that the election of subscribing the said sum of ten thousand dollars to the capital stock of the said railroad company be submitted to the qualified voters of the Dutchville Township and that an election be held in the said township at the proper voting place therein on the 8th day of October 1887.

Over the next few years, the Creedmoor served as a railroad depot between the Clarksville and Oxford Railroads and the Raleigh and Gaston Railroads.



In 1886, Thomas B. Lyon applied to the Post Office Department for a post office to be located in Creedmoor. Lyon's request was granted on the 10th day of April 1886. John Harmon was appointed as the first postmaster. In September of that same year, Samuel C. Lyon, son of Thomas B. Lyon, was appointed postmaster.

In 1895, Creedmoor was incorporated as *Creedmore* and reincorporated in 1905 as *Creedmoor*.

At the time of incorporation, Creedmoor's officials consisted of a mayor and five commissioners who were to be elected by the voters of the town.

Joseph L. Peed served as the first mayor. The first commissioners were Dr. J.F. Sanderford, Isaac Bullock, S. C. Lyon, Claude V. Garner, and L. H. Longmire. With the election of these men, the foundation for Creedmoor's future was laid.

At one time Creedmoor was a larger tobacco market than Durham. Area Farmers did not limit themselves to tobacco only, but also grew cotton as a profitable crop.

In the wake of Creedmoor's tobacco era, mules came to Creedmoor. About forty train car loads of mules were pulled into the town each year. At one time, Creedmoor was considered to be the largest mule trading center in the world and was known far and wide as the "Mule Town". It was not until the mid-nineteen fifties that the town removed the slogan "One of the Largest Retail Livestock Markets in North Carolina" from its official letterhead.



In 1917, electricity came to Creedmoor when G. H. Dove and F. J. McDuffy flipped a switch in their plant which was located in Railroad Street.

Today, Creedmoor is a thriving community that serves those looking for a small town experience, within easy access of the Raleigh and Durham metropolitan areas.

In 1996, this area of Granville County was voted one of the best places to live in the nation by Money Magazine.

The City of Creedmoor remains a great place to live for residents of all ages and backgrounds.

City of Creedmoor North Carolina

FINANCIAL SECTION

This section includes the independent auditor's report, the management discussion and analysis, the basic financial statements (government-wide and fund financial statements), notes to the financial statements and required supplementary information other than management discussion and analysis (budget to actual comparison of major governmental funds and pension schedules).

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



America Counts on CPAs

Gary L. Williams, CPA
Carleen P. Evans, CPA
Jennifer T. Reese, CPA
Tara H. Roberson, CPA

Curtis G. Van Horne, CPA

Independent Auditor's Report

To the Mayor and Board Members
City of Creedmoor
Creedmoor, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Creedmoor, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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

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

Opinions

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Creedmoor, North Carolina, as of June 30, 2019 and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 13 through 23, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 69 and 70, 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 71 and 72, and the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on pages 73 , be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 on our consideration of the City of Creedmoor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Creedmoor's internal control over financial reporting and compliance.

Winston, Williams, Creech, Evans & Company, LLP

Oxford, North Carolina

November 8, 2019

Management's Discussion and Analysis

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

Financial Highlights

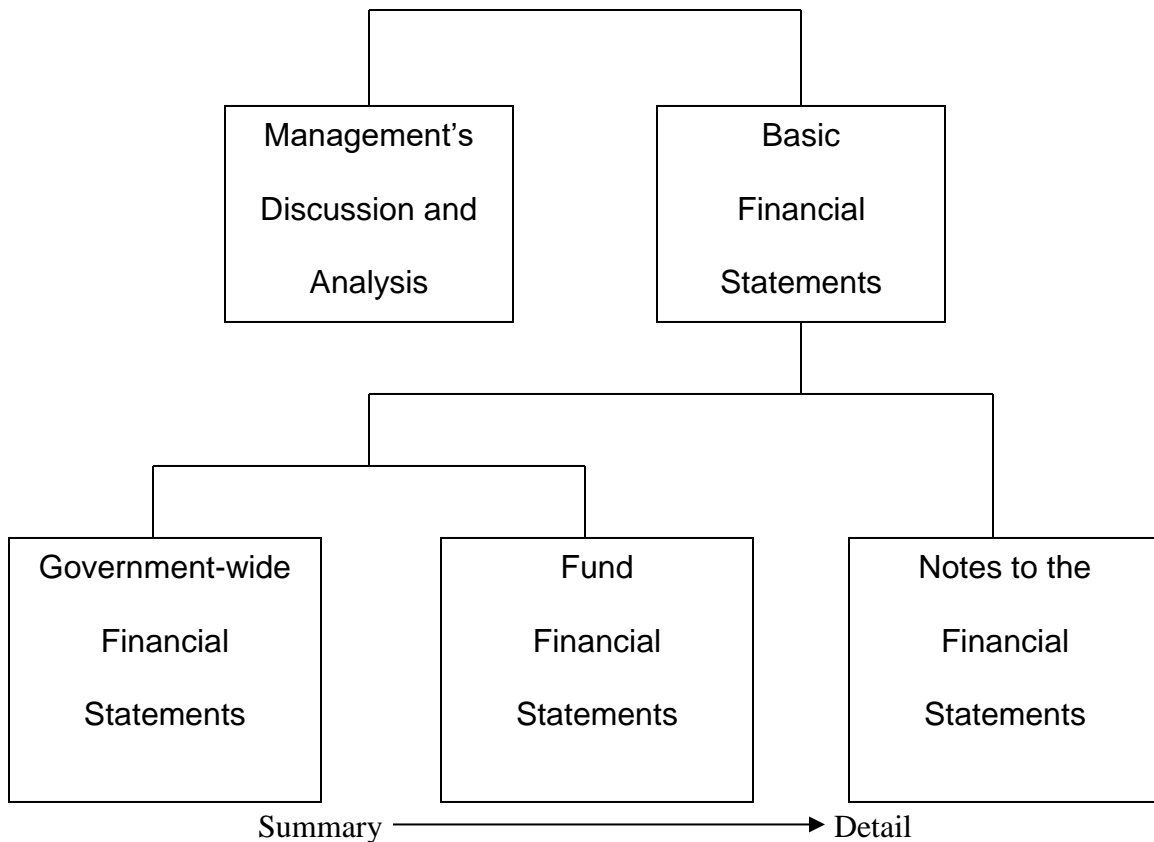
- The assets and deferred outflows of the City of Creedmoor exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$25,804,770 (*net position*).
- The government's total net position increased by \$1,220,796.
- As of the close of the fiscal year, the City of Creedmoor's governmental funds reported combined ending fund balances of \$16,103,663, a decrease of \$35,811 in comparison with the prior year. Of the fund balance total, approximately 47% or \$7,497,470 is Unassigned.
- At the end of the current fiscal year, fund balance available for appropriation in the General Fund was \$8,330,935, or approximately 232% of total general fund expenditures for the fiscal year. This amount includes resources available for appropriation, but legally limited to certain purposes. The latest group average for municipalities of a similar size is 81.6% of General Fund spending. See Table 9 in the Statistical Section for additional discussion and detail.
- The City of Creedmoor's General Fund reported revenues over expenditures by \$564,313, before other financing sources. The General Fund had \$13,677 in income from other financing sources.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, public works, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. The stormwater management operations are the City of Creedmoor's only business-type activity.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Creedmoor, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Creedmoor can be divided into two categories: governmental funds and proprietary funds.

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

The City of Creedmoor adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current

period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City 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 of Commissioners; 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. The budgetary comparison statement uses the budgetary basis of accounting (modified accrual) and is presented using the same format, language and classifications as the legal budget document.

Proprietary Funds – The City of Creedmoor has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Creedmoor uses enterprise funds to account for its stormwater management operation. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 39 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Creedmoor’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 69 of this report.

Interdependence with Other Entities – The City of Creedmoor depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modification to Federal and State laws and Federal and State appropriations.

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Government-Wide Financial Analysis

City of Creedmoor's Net Position

Figure 2

| | Governmental Activities | | Business-Type Activities | | Total | |
|-----------------------------------|----------------------------|---------------|-----------------------------|------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and other assets | \$ 17,205,461 | \$ 16,413,237 | \$ 391,193 | \$ 298,479 | \$ 17,596,654 | \$ 16,711,716 |
| Capital assets | 12,077,746 | 10,888,834 | - | - | 12,077,746 | 10,888,834 |
| Total assets | 29,283,207 | 27,302,071 | 391,193 | 298,479 | 29,674,400 | 27,600,550 |
| Deferred outflows of resources | 604,565 | 409,115 | 28,044 | 21,480 | 632,609 | 430,595 |
| Long-term liabilities outstanding | 2,961,880 | 2,713,063 | 149,242 | 156,817 | 3,111,122 | 2,869,880 |
| Other liabilities | 1,090,346 | 293,295 | 7,976 | 11,221 | 1,098,322 | 304,516 |
| Total liabilities | 4,052,226 | 3,006,358 | 157,218 | 168,038 | 4,209,444 | 3,174,396 |
| Deferred inflows of resources | 282,773 | 262,382 | 10,022 | 10,393 | 292,795 | 272,775 |
| Net position: | | | | | | |
| Net investment in capital assets | 12,077,746 | 10,888,834 | - | - | 12,077,746 | 10,888,834 |
| Restricted | 796,290 | 668,150 | 251,997 | 141,528 | 1,048,287 | 809,678 |
| Unrestricted | 12,678,737 | 12,885,462 | - | - | 12,678,737 | 12,885,462 |
| Total net position | \$ 25,552,773 | \$ 24,442,446 | \$ 251,997 | \$ 141,528 | \$ 25,804,770 | \$ 24,583,974 |

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Creedmoor exceeded liabilities and deferred outflows by \$25,804,770 as of June 30, 2019. The City's net position increased by \$1,220,796 for the fiscal year ended June 30, 2019. The City's 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 represents 46.8% of the net position. The City of Creedmoor uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Creedmoor's net investment in capital assets is reported net of any 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. However, for Fiscal Year 2019, Creedmoor had no outstanding debt related to the capital assets. An additional portion of the City of Creedmoor's net position (4.06%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,678,737 is unrestricted.

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

- The City continues to budget revenues and expenditures conservatively. Actual revenues were slightly higher than the budget. Most revenue categories had positive variances. Two revenue categories that saw significant revenues over budgeted amounts were Local Option Sales Tax and Investment Earnings.
- At year end, actual operating expenditures were under the budgeted amounts by \$643,596 in the General Fund. This was in large part due to the ongoing effort to minimize administrative spending wherever possible, as well as the Inspections Department being

transferred to Granville County. Vacant positions also contributed to the expenditures being less than budgeted.

These events have benefited the final revenue over expenditures amount. Some, of course, are infrequent events or one-time events. The City has improved its internal review procedures to better anticipate negative pressures on the budget and to have response alternatives available.

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City of Creedmoor Changes in Net position
Figure 3

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|-------------------------|---------------|--------------------------|------------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Service | \$ 206,455 | \$ 277,817 | \$ 283,947 | \$ 285,188 | \$ 490,402 | \$ 563,005 |
| Operating Grants & Contribution | 152,057 | 142,204 | - | - | 152,057 | 142,204 |
| Capital Grants & Contributions | 614,994 | 40,000 | - | - | 614,994 | 40,000 |
| General Revenues: | | | | | | |
| Property Taxes | 2,055,914 | 1,969,219 | - | - | 2,055,914 | 1,969,219 |
| Other Taxes | 1,096,278 | 1,025,838 | - | - | 1,096,278 | 1,025,838 |
| Other | 820,182 | 756,645 | 8,323 | 4,178 | 828,505 | 760,823 |
| Total Revenues | 4,945,880 | 4,211,723 | 292,270 | 289,366 | 5,238,150 | 4,501,089 |
| Expenses: | | | | | | |
| General Government | 1,347,193 | 1,295,994 | - | - | 1,347,193 | 1,295,994 |
| Public Safety | 1,669,492 | 1,560,820 | - | - | 1,669,492 | 1,560,820 |
| Transportation & Public Works | 570,293 | 661,124 | - | - | 570,293 | 661,124 |
| Economic & Physical Development | - | 14,377 | - | - | - | 14,377 |
| Environmental Protection | - | - | - | - | - | - |
| Cultural and Recreation | 248,575 | 234,512 | - | - | 248,575 | 234,512 |
| Stormwater Management | - | - | 181,801 | 214,814 | 181,801 | 214,814 |
| Total Expenses | 3,835,553 | 3,766,827 | 181,801 | 214,814 | 4,017,354 | 3,981,641 |
| Excess (deficiency) Before Transfers, Gains on Sale and Special Items | 1,110,327 | 444,896 | 110,469 | 74,552 | 1,220,796 | 519,448 |
| Transfers | - | - | - | - | - | - |
| Increase in Net Position | 1,110,327 | 444,896 | 110,469 | 74,552 | 1,220,796 | 519,448 |
| Net Position, July 1 | 24,442,446 | 25,410,556 | 141,528 | 159,710 | 24,583,974 | 25,570,266 |
| Restatement | - | (1,413,006) | - | (92,734) | - | (1,505,740) |
| Net Position, June 30 | \$ 25,552,773 | \$ 24,442,446 | \$ 251,997 | \$ 141,528 | \$ 25,804,770 | \$ 24,583,974 |

Governmental Activities: Governmental activities increased the City's net position by \$1,110,327. The ending net position for the governmental activities was \$25,552,773.

Business-Type Activities: Business-type activities increased Creedmoor's net position by \$110,469. Investment in the stormwater system in prior years is proving beneficial, decreasing the necessary maintenance costs. Department reorganization resulted in our stormwater administrator position being replaced with a planning technician. Stormwater administrator duties will now be performed by a third party consultant.

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City of Creedmoor's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. The government wide statements discussed above take a longer term financial view, similar to that found in corporate accounting. The information from both perspectives is useful in assessing the City of Creedmoor's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Creedmoor. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,497,470, while total fund balance increased to \$8,825,293. The increased fund balance in the general fund is a result of a continued effort to spend conservatively on City-wide operating expenditures. Revenues exceeded expenditures in the General Fund before other financing sources (use) by \$550,636. As a measure of the General Fund's solvency, fund balance available for appropriation is calculated in accordance with North Carolina General Statute 159-8(a). The fund balance legally available is compared to the total expenditures and transfers out from the General Fund. This calculation is promulgated by the staff of the Local Government Commission and is a generally accepted benchmark in the state. The City of Creedmoor's legal, calculated fund balance available is \$8,330,935 in the General Fund, which is 232% of the annual spending and transfers out from the fund. The latest group average for similar municipalities in the state is 81.6%. A *very general* interpretation of this percentage is that if it had to, the City could continue to function at its current level for about 2 years on the cash and investments available. The cash reserves are due to the sale of the City's water and sewer system. These funds are intended to help the City to continue operating at similar service levels without the benefit of utility revenues. See Table 9 for more details on the statutory calculation of fund balance available for appropriation.

The General Capital Project Fund reported a net decrease in fund balance of \$212,144.

At June 30, 2019, the governmental funds of City of Creedmoor reported a combined fund balance of \$16,103,663, a slight decrease over last year.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information became 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 higher than the budgeted amount by \$125,865 and expenditures for operational functions were under budget by \$643,596. The policy of taking a very conservative approach to budgeting has continued to prove its worth. The Local Option Sales Tax alone had actual revenue \$113,165 higher than budgeted. Investments have continued to perform well. In the General Fund investment income was \$127,973 over the conservative budget. Actual Ad Valorem Taxes collections were \$92,306 less

than budgeted (4.3%). The initial valuation was overstated and the collection rate was down. General Fund expenditures were moderately under budget, partly due to the Granville County taking over building inspection operations for the City.

Proprietary Funds. The City of Creedmoor has one proprietary fund, the Stormwater Fund. As of June 30, 2019, revenues in the fund exceeded expenditures by \$110,469. There were no transfers in or out of the Stormwater Fund during the year. At June 30, 2019, net position was \$251,997.

Capital Asset and Debt Administration

Capital Assets. The City of Creedmoor's investment in capital assets for its governmental activities as of June 30, 2019, totaled \$12,077,746 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

The major capital asset transactions during the year include the following:

- The LAPP Project, which includes the demolition of the old water treatment plant at Lake Rogers Park, was closed and placed into service during the year ending June 30, 2019. CIP continues to increase as capital projects progress.

City of Creedmoor's Capital Assets (net of depreciation)

Figure 4

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|----------------------------|---------------|-----------------------------|------|---------------|---------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 5,060,862 | \$ 5,066,862 | \$ - | \$ - | \$ 5,060,862 | \$ 5,066,862 |
| Construction in progress | 2,217,040 | 1,265,652 | - | - | 2,217,040 | 1,265,652 |
| Buildings and system | 872,981 | 310,266 | - | - | 872,981 | 310,266 |
| Machinery and equipment | 342,417 | 364,608 | - | - | 342,417 | 364,608 |
| Vehicles and motorized equipment | 178,175 | 211,369 | - | - | 178,175 | 211,369 |
| Infrastructure | 3,406,271 | 3,070,077 | - | - | 3,406,271 | 3,070,077 |
| Total | \$ 12,077,746 | \$ 10,288,834 | \$ - | \$ - | \$ 12,077,746 | \$ 10,288,834 |

Additional information on the City's capital assets can be found in Note III.A.4 of the Basic Financial Statements, beginning on page 50 of this document.

Long-Term Debt. As of June 30, 2019, the City of Creedmoor had no bonded debt outstanding.

City of Creedmoor's Outstanding Debt

Figure 5

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|----------------------------|---------------------|-----------------------------|-------------------|---------------------|---------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Notes Payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Revenue Bond | - | - | - | - | - | - |
| Accrued Vacation Pay | 82,369 | 87,179 | 4,251 | 7,248 | 86,620 | 94,427 |
| Net pension liability-LGERS | 935,775 | 676,903 | 35,667 | 26,423 | 971,442 | 703,326 |
| Total pension liability-LEO | | | | | | |
| Other Post Employment Benefits | 2,021,288 | 2,036,160 | 113,575 | 128,397 | 2,134,863 | 2,164,557 |
| Total | <u>\$ 3,039,432</u> | <u>\$ 2,800,242</u> | <u>\$ 153,493</u> | <u>\$ 162,068</u> | <u>\$ 3,192,925</u> | <u>\$ 2,962,310</u> |

Pension related debt is the Law Enforcement Officers' Special Separation Allowance. This and the Other Post-Employment Benefits are included in the interest of full disclosure and transparency. These amounts are actuarial estimates, for payment over multiple years.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Creedmoor is \$26,913,652.

Additional information regarding the City of Creedmoor's long-term debt can be found in Note III.B.9 beginning on page 65 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators and factors affect the growth of the City.

- The City of Creedmoor is located in the southern part of Granville County, within commuting distance of the Raleigh and Durham metropolitan centers. A new subdivision is under development which will bring 92 new homes to Creedmoor. In addition to the new subdivision a 68-unit apartment complex is also under development.
- City staff has applied analytical procedures to the total amount of local option sales tax revenue available to Granville County to distribute among the five municipalities. That "pot of money" continues to show growth. While the amount of growth is increasing, Creedmoor's population relative to the other four municipalities in the County has also been growing. These two factors benefit the City because Granville County apportions the funds on a per capita basis. This has been the trend for several years now.

- The Local Option Sales Tax is the City's second biggest revenue stream and can be a measurement of economic recovery in Granville County and statewide. The City of Creedmoor had an increase in Local Option Sales Tax Collections of 6.8% from Fiscal Year 2018 to Fiscal Year 2019.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: The tax rate in Creedmoor remained at 61.5¢ per \$100 of assessed value. Recreation opportunities continue to grow and develop. Granville County underwent a county-wide property tax revaluation which resulted in about a 7.6% increase to the city's tax base. The City currently has several recreation projects at different stages of development including capital improvements at Lake Rogers Park and the Creedmoor Community Center, which includes renovations to the Creedmoor Gym and Senior Center, as well as the construction of a new gymnasium, continues with an estimated completion date near the end of Fiscal Year 2020. The Cross City Trail continues construction and is estimated to be completed in Fiscal Year 2021.

Business - Type Activities: Fiscal Year 2020 will be the ninth year of operation for the Stormwater Management Fund. Because of the interlocal agreement with Stem, Butner, Granville County and Person County, the Creedmoor stormwater fees are collected by the Granville County tax collector and remitted monthly to the City. Creedmoor now contracts with an independent third-party for stormwater consulting on statewide permitting matters. The City no longer employs a dedicated stormwater administrator, as the Planning Director has now taken over these duties. City-wide work on identified stormwater issues continues. The Creedmoor staff are working to correct these problems "beginning upstream and going down." Correction of problems where the stormwater begins to flow continues to reduce problems later in the water's flow to Falls Lake. Operations are expected to continue at this level for the foreseeable future.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, City of Creedmoor, P.O. Box 765, Creedmoor, NC 27522.

City of Creedmoor
North Carolina

BASIC
FINANCIAL
STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2019

| | PRIMARY GOVERNMENT | | |
|--|----------------------------|-----------------------------|---------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$ 10,025,753 | \$ - | \$ 10,025,753 |
| Restricted cash | 6,093,672 | 389,091 | 6,482,763 |
| Taxes receivable (net) | 50,442 | - | 50,442 |
| Accrued interest receivable on taxes | 13,987 | - | 13,987 |
| Accounts receivable (net) | 18,633 | - | 18,633 |
| Due from other governments | 953,718 | 2,102 | 955,820 |
| Prepaid items | 49,256 | - | 49,256 |
| Total current assets | 17,205,461 | 391,193 | 17,596,654 |
| CAPITAL ASSETS | | | |
| Land and construction in progress | 7,277,902 | - | 7,277,902 |
| Other capital assets, net of depreciation | 4,799,844 | - | 4,799,844 |
| Total capital assets | 12,077,746 | - | 12,077,746 |
| Total assets | 29,283,207 | 391,193 | 29,674,400 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension deferrals | 594,692 | 27,489 | 622,181 |
| OPEB deferrals | 9,873 | 555 | 10,428 |
| Total deferred outflows of resources | 604,565 | 28,044 | 632,609 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable and accrued liabilities | 855,162 | 3,725 | 858,887 |
| Prior years' payroll taxes and pension payable | 85,543 | - | 85,543 |
| Accrued salaries | 69,479 | - | 69,479 |
| Accrued vacation | 77,552 | 4,251 | 81,803 |
| Customer deposits | 2,610 | - | 2,610 |
| Total current liabilities | 1,090,346 | 7,976 | 1,098,322 |
| NONCURRENT LIABILITIES | | | |
| Accrued vacation pay | 4,817 | - | 4,817 |
| Net pension liability | 935,775 | 35,667 | 971,442 |
| Total OPEB obligation | 2,021,288 | 113,575 | 2,134,863 |
| Total non-current liabilities | 2,961,880 | 149,242 | 3,111,122 |
| Total liabilities | 4,052,226 | 157,218 | 4,209,444 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue | 24,575 | - | 24,575 |
| Pension deferrals | 91,941 | 680 | 92,621 |
| OPEB deferrals | 166,257 | 9,342 | 175,599 |
| Total deferred inflows of resources | 282,773 | 10,022 | 292,795 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 12,077,746 | - | 12,077,746 |
| Restricted for: | | | |
| Public safety | 1,656 | - | 1,656 |
| Transportation | 348,415 | - | 348,415 |
| Stabilization by State Statute | 446,219 | - | 446,219 |
| Stormwater | - | 251,997 | 251,997 |
| Unrestricted | 12,678,737 | - | 12,678,737 |
| Total position | \$ 25,552,773 | \$ 251,997 | \$ 25,804,770 |

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

**CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Primary government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | \$ 1,347,193 | \$ 7,160 | \$ - | \$ - | \$ (1,340,033) | \$ - | \$ (1,340,033) |
| Public Safety | 1,669,492 | 63,489 | 19,305 | - | (1,586,698) | - | (1,586,698) |
| Transportation | 570,293 | - | 118,689 | 579,994 | 128,390 | - | 128,390 |
| Environmental protection | - | 3,417 | - | - | 3,417 | - | 3,417 |
| Cultural and recreation | 248,575 | 132,389 | 14,063 | 35,000 | (67,123) | - | (67,123) |
| Total governmental activities | 3,835,553 | 206,455 | 152,057 | 614,994 | (2,862,047) | - | (2,862,047) |
| Business-type activities: | | | | | | | |
| Stormwater management | 181,801 | 283,947 | - | - | - | 102,146 | 102,146 |
| Total business-type activities | 181,801 | 283,947 | - | - | - | 102,146 | 102,146 |
| Total primary government | 4,017,354 | 490,402 | 152,057 | 614,994 | (2,862,047) | 102,146 | (2,759,901) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purpose | | | | | 2,055,914 | - | 2,055,914 |
| Other taxes | | | | | 1,096,278 | - | 1,096,278 |
| Unrestricted intergovernmental | | | | | 377,973 | - | 377,973 |
| Unrestricted investment earnings | | | | | 348,046 | 8,323 | 356,369 |
| Miscellaneous | | | | | 94,163 | - | 94,163 |
| Total general revenues not including transfers | | | | | 3,972,374 | 8,323 | 3,980,697 |
| Change in net position | | | | | 1,110,327 | 110,469 | 1,220,796 |
| Net position - beginning | | | | | 24,442,446 | 141,528 | 24,583,974 |
| Net position - ending | | | | | \$ 25,552,773 | \$ 251,997 | \$ 25,804,770 |

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

FUND FINANCIAL STATEMENTS

CITY OF CREEDMOOR, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

| | MAJOR FUNDS | | | TOTAL | TOTAL |
|--|---------------------|----------------------------------|-------------------------|--------------------|-----------------------|
| | GENERAL | GENERAL CAPITAL PROJECTS FUND | CAPITAL RESERVE FUND | NON-MAJOR FUNDS | GOVERNMENTAL FUNDS |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 8,236,747 | \$ 890,296 | \$ - | \$ 898,710 | \$ 10,025,753 |
| Restricted cash | 350,071 | - | 5,743,601 | - | 6,093,672 |
| Receivables, net: | | | | | |
| Taxes | 50,442 | - | - | - | 50,442 |
| Accounts | 17,516 | 1,117 | - | - | 18,633 |
| Due from other governments | 404,705 | 549,013 | - | - | 953,718 |
| Prepaid assets | 49,256 | - | - | - | 49,256 |
| Total assets | <u>9,108,737</u> | <u>1,440,426</u> | <u>5,743,601</u> | <u>898,710</u> | <u>17,191,474</u> |
| LIABILITIES | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | 50,795 | 804,367 | - | - | 855,162 |
| Prior years' taxes and pension payable | 85,543 | - | - | - | 85,543 |
| Accrued salaries and fringe benefits | 69,479 | - | - | - | 69,479 |
| Customer deposits | 2,610 | - | - | - | 2,610 |
| Total liabilities | <u>208,427</u> | <u>804,367</u> | <u>-</u> | <u>-</u> | <u>1,012,794</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property taxes receivable | 50,442 | - | - | - | 50,442 |
| Other deferred inflows | 24,575 | - | - | - | 24,575 |
| Total deferred inflows of resources | <u>75,017</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>75,017</u> |
| FUND BALANCES | | | | | |
| Non Spendable | | | | | |
| Prepaid assets | 49,256 | - | - | - | 49,256 |
| Restricted | | | | | |
| Public safety | 1,656 | - | - | - | 1,656 |
| Stabilization by State Statute | 445,102 | 1,117 | - | - | 446,219 |
| Streets | 348,415 | - | - | - | 348,415 |
| Committed | | | | | |
| Capital Projects | - | - | 5,743,601 | - | 5,743,601 |
| Economic Development | - | - | - | 898,710 | 898,710 |
| Assigned | | | | | |
| Subsequent year's expenditures | 179,213 | - | - | - | 179,213 |
| Public safety | 14,195 | - | - | - | 14,195 |
| Recreation | 289,986 | - | - | - | 289,986 |
| Capital Projects | - | 634,942 | - | - | 634,942 |
| Unassigned | 7,497,470 | - | - | - | 7,497,470 |
| Total fund balances | <u>8,825,293</u> | <u>636,059</u> | <u>5,743,601</u> | <u>898,710</u> | <u>16,103,663</u> |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 9,108,737</u> | <u>\$ 1,440,426</u> | <u>\$ 5,743,601</u> | <u>\$ 898,710</u> | <u>\$ 17,191,474</u> |

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

**CITY OF CREEDMOOR, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

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

| | |
|--|-----------------------------|
| Total equity and other credits (Exhibit 4) | \$ 16,103,663 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | |
| Total capital assets | 14,557,825 |
| Less accumulated depreciation | <u>(2,480,079)</u> |
| | 12,077,746 |
| Deferred inflows of resources related to pensions are not reported in the funds. | (91,941) |
| Deferred inflows of resources related to OPEB are not reported in the funds. | (166,257) |
| Deferred outflows of resources related to pensions are not reported in the funds. | 594,692 |
| Deferred outflows of resources related to OPEB are not reported in the funds | 9,873 |
| Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred. | |
| Interest receivable | 13,987 |
| Earned revenues considered deferred inflows of resources in fund statements. | 50,442 |
| Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and therefore not recorded in the fund statements | |
| Compensated absences | (82,369) |
| Net pension liability-LGERS | (634,757) |
| Total pension liability-LEO | (301,018) |
| OPEB liability | <u>(2,021,288)</u> |
| | <u>(3,039,432)</u> |
| Net position of governmental activities | <u><u>\$ 25,552,773</u></u> |

**CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

| | MAJOR FUNDS | | | TOTAL NON-MAJOR FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|--------------|----------------------------------|-------------------------|-----------------------------|--------------------------------|
| | GENERAL | GENERAL CAPITAL PROJECTS FUND | CAPITAL RESERVE FUND | | |
| REVENUES | | | | | |
| Ad valorem taxes | \$ 2,036,694 | \$ - | \$ - | \$ - | \$ 2,036,694 |
| Other taxes and licenses | 1,096,278 | - | - | - | 1,096,278 |
| Unrestricted intergovernmental revenues | 377,973 | - | - | - | 377,973 |
| Restricted intergovernmental revenues | 199,658 | 614,994 | - | - | 814,652 |
| Permits and fees | 45,108 | - | - | - | 45,108 |
| Sales and services | 157,491 | - | - | - | 157,491 |
| Investment earnings | 182,473 | 13,553 | 132,994 | 19,026 | 348,046 |
| Miscellaneous | 42,741 | - | - | - | 42,741 |
| Total revenues | 4,138,416 | 628,547 | 132,994 | 19,026 | 4,918,983 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 1,278,802 | - | - | - | 1,278,802 |
| Public safety | 1,574,718 | - | - | - | 1,574,718 |
| Transportation and public works | 437,572 | - | - | - | 437,572 |
| Culture and recreation | 187,358 | - | - | - | 187,358 |
| Capital outlay | 109,330 | 1,380,691 | - | - | 1,490,021 |
| Total expenditures | 3,587,780 | 1,380,691 | - | - | 4,968,471 |
| REVENUES OVER (UNDER) EXPENDITURES | 550,636 | (752,144) | 132,994 | 19,026 | (49,488) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | - | 540,000 | (540,000) | - | - |
| Sale of equipment | 13,677 | - | - | - | 13,677 |
| Total other financing sources (uses) | 13,677 | 540,000 | (540,000) | - | 13,677 |
| Net change in fund balance | 564,313 | (212,144) | (407,006) | 19,026 | (35,811) |
| Fund balance, Beginning of year - July 1 | 8,260,980 | 848,203 | 6,150,607 | 879,684 | 16,139,474 |
| Fund balance, End of year - June 30 | \$ 8,825,293 | \$ 636,059 | \$ 5,743,601 | \$ 898,710 | \$ 16,103,663 |

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

**CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
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 (Exhibit 4) \$ (35,811)

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 or (were less than) depreciation in the current period.

Capital asset expenditures, capitalized as assets in the

Statement of Activities 1,490,021

Depreciation expense (295,109)

1,194,912

Cost of capital asset disposed of during the year, not recognized on modified accrual basis (6,000)

Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities 127,988

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities (6,675)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (net of prior accrual).

Reversal of deferred tax revenue at 7-1-2018 (34,083)

Tax receipts deferred in the fund statements at 6-30-2019 50,442

Decrease in accrued taxes receivable 2,861

19,220

Expenses reported in the statement of activities do not require the use of current financial resources to pay are not recorded as expenditures in the fund statements.

Compensated absences 4,810

Pension obligations-LEO 65,469

Pension obligations-LGERS (199,891)

OPEB plan expense (53,695)

(183,307)

Total changes in net position of governmental activities

\$ 1,110,327

CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

| | GENERAL FUND | | | VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE) |
|--|--------------|--------------|-------------------|--|
| | ORIGINAL | FINAL | ACTUAL AMOUNTS | |
| REVENUES | | | | |
| Ad valorem taxes | \$ 1,951,775 | \$ 2,129,000 | \$ 2,036,694 | \$ (92,306) |
| Other taxes and licenses | 900,000 | 987,180 | 1,096,278 | 109,098 |
| Unrestricted intergovernmental revenues | 433,000 | 375,000 | 377,973 | 2,973 |
| Restricted intergovernmental revenues | 192,030 | 195,500 | 199,658 | 4,158 |
| Permits and fees | 110,230 | 90,050 | 45,108 | (44,942) |
| Sales and services | 143,390 | 157,721 | 157,491 | (230) |
| Investment earnings | 42,400 | 54,500 | 182,473 | 127,973 |
| Miscellaneous | 27,500 | 23,600 | 42,741 | 19,141 |
| Total revenues | 3,800,325 | 4,012,551 | 4,138,416 | 125,865 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 1,322,399 | 1,478,181 | 1,278,802 | 199,379 |
| Public safety | 1,611,010 | 1,759,609 | 1,615,377 | 144,232 |
| Transportation and public works | 749,953 | 727,437 | 492,986 | 234,451 |
| Cultural and recreation | 236,369 | 266,149 | 200,615 | 65,534 |
| Total expenditures | 3,919,731 | 4,231,376 | 3,587,780 | 643,596 |
| REVENUES OVER (UNDER) EXPENDITURES | (119,406) | (218,825) | 550,636 | 769,461 |

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

**CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

| | GENERAL FUND | | | VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE) |
|--|--------------|-----------|-------------------|--|
| | ORIGINAL | FINAL | ACTUAL AMOUNTS | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sale of equipment | - | 23,000 | 13,677 | (9,323) |
| Total other financing sources (uses) | - | 23,000 | 13,677 | (9,323) |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (119,406) | (195,825) | 564,313 | 760,138 |
| APPROPRIATED FUND BALANCE | 119,406 | 195,825 | - | (195,825) |
| REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES | \$ - | \$ - | 564,313 | \$ 564,313 |
| Fund balance, Beginning of year - July 1 | | | 8,260,980 | |
| Fund balance, End of year - June 30 | | | \$ 8,825,293 | |

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

CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

| | MAJOR STORMWATER | TOTAL |
|--|---------------------|------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Due from other governments | \$ 2,102 | \$ 2,102 |
| Restricted cash and investments | 389,091 | 389,091 |
| Total current assets | 391,193 | 391,193 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Contributions to pension plan | 27,489 | 27,489 |
| OPEB deferrals | 555 | 555 |
| | 28,044 | 28,044 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | 3,725 | 3,725 |
| Current portion of accrued vacation | 4,251 | 4,251 |
| Total current liabilities | 7,976 | 7,976 |
| NONCURRENT LIABILITIES | | |
| Net pension liability | 35,667 | 35,667 |
| Total OPEB liability | 113,575 | 113,575 |
| Total noncurrent liabilities | 149,242 | 149,242 |
| Total liabilities | 157,218 | 157,218 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension deferrals | 680 | 680 |
| OPEB deferrals | 9,342 | 9,342 |
| Total deferred inflows of resources | 10,022 | 10,022 |
| NET POSITION | | |
| Restricted: | | |
| Stormwater | 251,997 | 251,997 |
| Unrestricted | - | - |
| Total net position | \$ 251,997 | \$ 251,997 |

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

**CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGE IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

| | MAJOR FUND STORMWATER | TOTAL |
|---|--------------------------|------------|
| OPERATING REVENUES | | |
| Charges for services | \$ 283,947 | \$ 283,947 |
| Total operating revenues | 283,947 | 283,947 |
| OPERATING EXPENSES | | |
| Stormwater management | 181,801 | 181,801 |
| Total operating expenses | 181,801 | 181,801 |
| Operating income (loss) | 102,146 | 102,146 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment earnings | 8,323 | 8,323 |
| Total nonoperating revenue (expenses) | 8,323 | 8,323 |
| CHANGE IN NET POSITION | 110,469 | 110,469 |
| Total net position - beginning - July 1 | 141,528 | 141,528 |
| Total net position - ending - June 30 | \$ 251,997 | \$ 251,997 |

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

CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

| | STORMWATER | TOTAL |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | \$ 284,794 | \$ 284,794 |
| Cash paid for goods and services | (105,614) | (105,614) |
| Cash paid to employees for services | (93,942) | (93,942) |
| Net Cash Provided (Used) By Operating Activities | <u>85,238</u> | <u>85,238</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest on investment | <u>8,323</u> | <u>8,323</u> |
| Net Cash Flows from Investing Activities | <u>8,323</u> | <u>8,323</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 93,561 | 93,561 |
| Cash and Cash Equivalents - Beginning of the Year | 295,530 | 295,530 |
| Cash and Cash Equivalents - End of the Year | <u>\$ 389,091</u> | <u>\$ 389,091</u> |
| Reconciliation of Operating Income to Net Cash Provided By Operating Activities: | | |
| Operating Income | \$ 102,146 | \$ 102,146 |
| Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities: | | |
| Change in assets and liabilities: | | |
| (Increase) decrease in due from other governments | 847 | 847 |
| Decrease in deferred outflows of resources - pensions | (6,549) | (6,549) |
| (Increase) in deferred outflows of resources - OPEB | (15) | (15) |
| (Decrease) in net pension liability | 9,244 | 9,244 |
| Decrease in deferred inflows of resources - pensions | (368) | (368) |
| Increase in deferred inflows of resources - OPEB | 683 | 683 |
| Increase (decrease) in accounts payable | (1,596) | (1,596) |
| Decrease in accrued vacation payable | (2,997) | (2,997) |
| Decrease in prepaid stormwater fees | (686) | (686) |
| Decrease in OPEB liability | (15,471) | (15,471) |
| Total Adjustments | <u>(16,908)</u> | <u>(16,908)</u> |
| Net Cash Provided By Operating Activities | <u>\$ 85,238</u> | <u>\$ 85,238</u> |

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

City of Creedmoor
North Carolina

NOTES TO THE FINANCIAL STATEMENTS

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City of Creedmoor is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally-separate entities for which the City is financially accountable. The City as of June 30, 2019 had no component units.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business*-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The City reports the following major governmental funds:

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

General Capital Projects Fund – This fund is used to account for capital projects benefiting the City as a whole.

Capital Reserve Fund – This fund was established in FY15, in accordance with Article 3, Part 2, of North Carolina General Statute 159 (GS 159-18 through 159-22). The funds set aside here may only be used for future capital asset acquisition of construction. The money may not legally be returned to the General Fund for routine operations. The initial \$8,000,000 funding came from utility system sale proceeds.

The City reports the following non-major governmental funds:

Water Economic Development Fund –These funds have been set aside to fund water infrastructure costs as part of economic development. The funding came from prior earnings from water operations. There are no external restrictions on this money.

Sewer Economic Development Fund –These funds have been set aside to fund sewer infrastructure costs as part of economic development. The funding came from the prior earnings from sewer operations. There are no external restrictions on this money.

The City reports the following major enterprise funds:

Stormwater Fund - This fund is used to account for the City's stormwater management operations.

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

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

Government-wide and Proprietary Fund Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

property taxes, grants, and donations. On an accrual basis, revenue from property taxes 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.

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

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 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 beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Creedmoor because the tax is levied by Granville 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 revenue rather than program revenue. Any grant revenues which are unearned at year-end are recorded as deferred

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

inflows of resources. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the General Capital Projects Fund, the Capital Reserve Fund, the Water Economic Development Fund, and the Sewer Economic Development Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the governing board. 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 budget ordinance can be adopted.

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

1. Deposits and Investments

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

State law (G.S. 159-30(c)) authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Cash Capital Management Trust (NCCMT). The NCCMT-Term Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, The Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

3. Restricted Assets

Powell Bill funds are classified as restricted because Powell Bill funds may only be expended for the purpose of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. The resources on the Capital Reserve Fund are restricted by State law for capital asset purchase or construction. The specific usage of the Capital Reserve money may be amended by Board action. As with Powell Bill funds, the Stormwater funds are restricted to the management of storm runoff and drainage.

The funds shown in the Water and Sewer Funds are unrestricted funds. The Board of Commissioners could, by Board action, close those funds and reassign the balance of funds.

City of Creedmoor Restricted Cash

| | |
|--------------------------------|---------------------|
| Governmental Activities: | |
| Capital Reserve Fund | \$ 5,743,601 |
| Streets (Powell Bill) | 348,415 |
| Public Safety (Police Dept.) | <u>1,656</u> |
| Total Governmental Activities | <u>\$ 6,093,672</u> |
| Business-Type Activities: | |
| Stormwater Fund | <u>389,091</u> |
| Total Business-Type Activities | <u>\$ 389,091</u> |
| Total Restricted Cash | <u>\$ 6,482,763</u> |

4. Ad Valorem Taxes Receivables

In accordance with State law (G.S. 105-347 and G.S. 159- 13(a)), the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Prepaid Items

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

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: Land, buildings, improvements, furniture, equipment, vehicles and other plant and distribution systems, \$5,000; infrastructure, \$50,000. Donated capital assets received prior to June 15, 2016 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2016 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

| <u>Asset Class</u> | <u>Estimate Useful Lives</u> |
|-------------------------|------------------------------|
| Infrastructure | 40 |
| Buildings | 40 |
| Improvements | 40 |
| Furniture and equipment | 7 |
| Computer software | 5 |
| Vehicles | 5 |

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City of Creedmoor has one item that meet this criterion: pension deferrals.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred 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 City has three items that meet the criterion for this category: prepaid property taxes, prepaid stormwater fees, and pension deferrals.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs (if any), are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

9. Compensated Absences

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

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

10. Net Position/Fund Balances

Net Position

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

The governmental fund types classify fund balances as follows:

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

Prepaid assets - portion of fund balance that is not an available resource because it represents payment costs associated with activities better matched to the following fiscal year.

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

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for law enforcement efforts. The \$1,641 represents the balance of Unauthorized Substance Tax revenue sent to the City by the State of North Carolina.

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 the fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the unexpended Powell Bill funds, less obligations to be paid with Powell Bill money.

Committed Fund Balance – This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City of Creedmoor's Board of Commissioners. 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.

Committed for Capital Projects – portion of the fund balance committed by the Board for future capital asset acquisition or construction.

Committed for Economic Development – portion of the fund balance that has been committed by the Board for future water and sewer projects to promote economic development. The amount committed to future water utility projects is \$376,229 and the amount committed to future sewer utility projects is \$522,481.

Assigned Fund Balance – This classification represents that portion of fund balance that the City of Creedmoor intends to use of a specific purpose. The City Manager makes recommendations to the governing board regarding any revenue streams or fund balance

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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assigned for a particular purpose. Fund balance assignments are discussed with the Finance and Intergovernmental Relations (FAIR) committee. As part of Creedmoor's operational policies, the FAIR committee makes the recommendations regarding assignments to the full Board of Commissioners. No formal action by the Board is required.

Assigned for Public Safety – portion of fund balance that is assigned to support future capital needs for the Creedmoor Volunteer Fire Department (CVFD). The City contractually provides annual operations support. Some years the CVFD requests additional funding for capital asset needs, \$14,195.

Assigned for Recreation – portion of fund balance that is assigned to support recreation opportunities within the City of Creedmoor.

Assigned for Capital Projects – portion of fund balance that is assigned to support capital projects.

Assigned for Subsequent Year's Expenditures - portion of fund balance that has been appropriated in the subsequent year's annual budget. The Board of Commissioners approves the appropriation as part of the annual budget process and would have to take formal action to change the appropriation.

Unassigned Fund Balance – This classification represents that portion of fund balance that has not been restricted, committed or assigned to specific purposes or other funds. The general fund is the only fund that reports a positive unassigned fund balance amount.

The business-type funds have the following restriction on net position:

Restricted for Stormwater – portion of net position restricted stormwater management efforts, in accordance with State laws and regulations.

The City of Creedmoor will use resources in the following hierarchy; as such funds may be available: debt proceeds, federal funds, State funds, local non-city funds, and city funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and finally unassigned fund balance. The Finance Director has the authority to deviate from this policy if it is determined to be in the best interest of the City.

The City of Creedmoor has established the goal to have the Fund Balance Available (FBA) for Appropriation at 100% of that year's expenditures. FBA for Appropriation will be calculated annually in accordance with G.S. 159-8(a) and guidance provided by the State and Local Government Finance Division of the Department of the State Treasurer. This calculation will be made and reported to the Board of Commissioners as part of the annual audit presentation by the City's independent auditor. If the FBA is below 100%, the Finance Director will provide the Board with an analysis of the factors causing the drop. The Finance Director's report will include suggested steps to rebuild the fund balance to the 100% target within the next 36 months, or sooner. Amounts above 100% goal may be transferred to the Capital Reserve Fund if that is the Board's direction.

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

11. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government Employee's 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 contributors are recognized in the period in which the contributions are due. The City of Creedmoor's employer contributions are recognized when due and the City of Creedmoor 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.

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the City did not have any functions with expenditures greater than the budgeted amount.

NOTE III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

At June 30, 2019, the City's deposits had a bank balance of \$ 537,448 and a book balance (reconciled balance) of \$531,752. Of the bank balance, \$256,811 was covered by federal

**CITY OF CREEDMOOR, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2019, the City's petty cash fund totaled \$1,071.

2. Investments

At June 30, 2019, the City of Creedmoor's investment balances were as follows:

| <u>Investment Type</u> | <u>Valuation Measurement Method</u> | <u>Book Value at 6/30/19</u> | <u>Maturity</u> | <u>Rating</u> |
|---|---|----------------------------------|-----------------|---------------|
| NC Capital Management Trust Fund – Government Portfolio | Fair Value Level 1 | \$ 3,223,994 | N/A | AAAm |
| NC Capital Management Trust Fund – Term Portfolio | Fair Value Level 1 | <u>12,751,699</u> | .011 years | Unrated |
| Total | | <u>\$ 15,975,693</u> | | |

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Credit Risk. The City has no formal policy regarding credit risk, but internal management practices limit the City's investments to the investments allowed by G.S. 159-30. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard and Poor's as of June 30, 2019. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30, as amended.

3. Receivables

Receivables presented in the Balance Sheet and the Statement of Net Position at June 30, 2019, were as follows:

Governmental Funds:

General Fund

| | |
|----------------------------|-------------------|
| Property Taxes Receivable | \$ 50,442 |
| Franchise Tax Receivable | 76,224 |
| Sales Tax Receivable | 294,425 |
| Solid Waste Tax Receivable | 851 |
| Due From Other Governments | 33,205 |
| Accounts Receivable | <u>17,516</u> |
| Total General Fund | <u>\$ 472,663</u> |

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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General Capital Projects Fund

| | |
|--------------------------------|-------------------|
| Due From Other Governments | \$ 549,013 |
| Accounts Receivable | <u>1,117</u> |
| Total General Capital Projects | <u>\$ 550,130</u> |
| Total Governmental Funds | \$1,022,793 |

Enterprise Funds

| | |
|----------------------------|-----------------|
| Stormwater Fees Receivable | <u>\$ 2,102</u> |
| Total Enterprise Funds | <u>2,102</u> |

| | |
|-------|----------------------------|
| Total | <u><u>\$ 1,024,895</u></u> |
|-------|----------------------------|

4. Capital Assets

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

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balances</u> |
|--|-------------------------------|------------------|------------------|------------------|----------------------------|
| <u>Governmental activities</u> | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 5,066,862 | - | (6,000) | - | \$ 5,060,862 |
| Construction in Progress | <u>1,265,652</u> | <u>1,380,691</u> | <u>-</u> | <u>(429,303)</u> | <u>2,217,040</u> |
| | 6,332,514 | 1,380,691 | (6,000) | (429,303) | 7,277,902 |
| Capital Assets being depreciated: | | | | | |
| Buildings | 1,503,796 | - | - | - | 1,503,796 |
| Other improvements | 36,639 | - | - | - | 36,639 |
| Equipment | 831,607 | 68,671 | (63,486) | - | 836,792 |
| Vehicles and motorized equipment | 693,233 | 40,659 | (18,751) | - | 715,141 |
| Infrastructure | 3,758,252 | - | - | 429,303 | 4,187,555 |
| Total capital assets being depreciated | <u>6,823,527</u> | <u>109,330</u> | <u>(82,237)</u> | <u>429,303</u> | <u>7,279,923</u> |

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Less
accumulated
depreciation
for:**

| | | | | | |
|--|---------------------|-------------------|--------------------|-------------|---------------------|
| Buildings | 622,031 | 36,554 | - | - | 658,585 |
| Other improvements | 8,138 | 731 | - | - | 8,869 |
| Equipment | 466,999 | 90,862 | (63,486) | - | 494,375 |
| Vehicles | 481,864 | 73,853 | (18,751) | - | 536,966 |
| Infrastructure | 688,175 | 93,109 | - | - | 781,284 |
| Total accumulated depreciation | <u>2,267,207</u> | <u>\$ 295,109</u> | <u>\$ (82,237)</u> | <u>\$ -</u> | <u>2,480,079</u> |
| Total capital assets being depreciated, net | <u>4,556,320</u> | | | | <u>4,799,844</u> |
| Government activity capital assets, net | <u>\$10,888,834</u> | | | | <u>\$12,077,746</u> |

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

| | |
|----------------------------|-------------------|
| General government | \$ 39,049 |
| Public Safety | 76,707 |
| Transportation | 119,890 |
| Cultural and recreational | <u>59,463</u> |
| Total depreciation expense | <u>\$ 295,109</u> |

5. Construction Commitments

The government has active construction projects as of June 30, 2019. At year-end, the City of Creedmoor's commitments with contractors are as follows:

| <u>Project</u> | <u>Spent to date</u> | <u>Remaining Commitment</u> |
|--------------------------|----------------------|-----------------------------|
| CMAQ Cross Town Trail-A | \$ 650,852 | \$ 2,227,544 |
| CMAQ Cross Town Trail-B | 378,343 | 1,499,826 |
| US 15 Sidewalk Project | 278,876 | 848,744 |
| Lake Rogers Improvements | 348,029 | 294,335 |
| Gym and Senior Center | <u>560,940</u> | <u>5,208,095</u> |
| | <u>\$ 2,217,040</u> | <u>\$ 10,078,544</u> |

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

B. Liabilities

1. Pension Plan and Postemployment Obligations

Local Governmental Employees' Retirement System

Plan Description. The City of Creedmoor is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government units. 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 consist of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serves 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.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's advantage final compensation times the member's years of credible 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 benefits at age 65 with five years of credible service at age 60 with 25 years of credible service, or at any age with 30 years of credible service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of credible service or at age 60 with five years of credible 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 service and who have either completed 20 years of credible service regardless of age (15 years of credible 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 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 LEO are eligible to retire with full retirement benefits at age 55 with five years of credible service as an officer, or at any age with 30 years of credible service. LEO plan members are eligible to retire with partial benefits at age 50 with 15 years of credible 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 credible service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or completed five years of credible service as a LEO and have reached age 55, or have completed 15 years of credible service as a LEO if killed in the line of duty.

CITY OF CREEDMOOR, NORTH CAROLINA
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Eligible beneficiaries may elect to receive monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 138-30 and may be amended only by the North Carolina General Assembly. City of Creedmoor employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Creedmoor's contractually required contribution rate for the year ended June 30, 2019 was 8.5% of compensation for law enforcement officers and 7.75% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Creedmoor were \$135,180 for the year ended June 30, 2019.

Refunds of Contributions – City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state laws, refunds to members with at least five years of service include 4% interest. State law requires 60 day waiting period after service termination before 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 City reported a liability of \$670,424 for its proportionate share of the net pension liability. The net pension liability 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 City's proportion of the net pension asset was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the City's proportion was 0.02826%; which was a decrease of 0.00076% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the City recognized pension expense of \$192,098. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 103,430 | \$ 3,471 |
| Changes of assumptions | 177,905 | - |
| Net difference between projected and actual earnings on pension plan investments | 92,030 | - |
| Changes in proportion and differences between City contributions and proportionate share contributions | 8,166 | 9,312 |
| City contributions subsequent to the measurement date | <u>135,180</u> | <u>-</u> |
| Total | <u>\$ 516,711</u> | <u>\$ 12,783</u> |

\$135,180 reported as deferred outflows related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------------|---------|
| 2020 | 179,807 |
| 2021 | 115,388 |
| 2022 | 21,631 |
| 2023 | 51,922 |
| 2024 | - |
| Thereafter | - |

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

| | |
|---------------------------|---|
| Inflation | 3.0 percent |
| Salary increases | 3.5 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 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.

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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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 weighing 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, 2018 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 | <u>6.0%</u> | 4.0% |
| | <u>100.0%</u> | |

The information above is based on a 30 year expectation developed with the consulting actuary for 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 3.0%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the City'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:

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| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---------------------------|-----------------------------|---------------------------|
| City's proportionate share of the net Pension liability (asset) | \$1,610,416 | \$670,424 | (\$115,048) |

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

2. Law Enforcement Officers Special Separation Allowance

a. Plan Description

The City of Creedmoor administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. 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 City 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 | <u>15</u> |
| Total | 16 |

b. Summary of Significant Accounting Policies:

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

c. 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:

**CITY OF CREEDMOOR, NORTH CAROLINA
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| | |
|------------------|---|
| Inflation | 2.50% |
| Salary increases | 3.50 to 7.35 percent, including inflation 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.

d. Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen not to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$10,648 as benefits came due for the reporting period.

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

At June 30, 2019, the City reported a total pension liability of \$301,018. 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 City recognized pension expense of \$17,676.

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 29,809 | \$ 65,739 |
| Changes of assumptions | 10,102 | 14,099 |
| Benefit payments and administrative expenses made subsequent to the measurement date | <u>65,469</u> | <u>-</u> |
| Total | \$ 105,380 | \$ 79,838 |

\$65,469 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:

CITY OF CREEDMOOR, NORTH CAROLINA
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Year ended June 30:

| | |
|------------|----------|
| 2020 | (10,553) |
| 2021 | (10,553) |
| 2022 | (10,553) |
| 2023 | (10,174) |
| 2024 | 597 |
| Thereafter | 1,309 |

\$65,469 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

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

| | 1% Decrease (2.64%) | Discount Rate (3.64%) | 1% Increase (4.64%) |
|-------------------------|------------------------|--------------------------|------------------------|
| Total pension liability | \$325,685 | \$301,018 | \$278,428 |

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

| | <u>2019</u> |
|--|-------------------|
| Beginning balance | \$ 259,981 |
| Service Cost | 19,829 |
| Interest on the total pension liability | 8,047 |
| Changes of benefit terms | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 35,381 |
| Changes of assumptions or other inputs | (11,572) |
| Benefit payments | (10,648) |
| Other changes | - |
| Ending balance of the total pension liability | <u>\$ 301,018</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.

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

| | LGERS | LEOSSA | Total |
|--|------------|-----------|------------|
| Pension Expense | \$ 192,098 | \$ 17,676 | \$ 209,774 |
| Pension Liability | 670,424 | 301,018 | 971,442 |
| Proportionate share of the net pension liability | .02826% | n/a | |

Deferred of Outflows of Resources

| | | | |
|--|---------|--------|---------|
| Differences between expected and actual experience | 103,430 | 29,809 | 133,239 |
| Changes of assumptions | 177,905 | 10,102 | 188,007 |
| Net difference between projected and actual earnings on plan investments | 92,030 | - | 92,030 |

| | | | |
|--|---------|--------|---------|
| Changes in proportion and differences between contributions and proportionate share of contributions | 8,166 | - | 8,166 |
| Benefit payments and administrative costs paid subsequent to the measurement date | 135,180 | 65,469 | 200,649 |

Deferred of Inflows of Resources

| | | | |
|--|-------|--------|--------|
| Differences between expected and actual experience | 3,471 | 65,739 | 69,210 |
| Changes of assumptions | - | 14,099 | 14,099 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 9,312 | - | 9,312 |

3. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the 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.

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The City of Creedmoor voluntarily contributes an amount equal to six percent of each officer's salary. Also, the law enforcement officers may make voluntary contributions to the plan.

The City made contributions of \$45,014 for the reporting year. No amounts were forfeited.

4. Supplemental Retirement Income Plan for General Employees

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to general employees of the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Employees 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 City to contribute each month an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. The City of Creedmoor voluntarily contributes an amount equal to six percent of each employee's salary. Also, the employees may make voluntary contributions to the plan.

The City made contributions of \$49,108 for the reporting year. No amounts were forfeited.

5. Other Post-employment Benefits

Health Care Benefits

Plan Description. Employees who retire under the provisions of the North Carolina Local Government Employees' Retirement System (NCLGERS) and meet one of the following criteria are eligible to receive premium reimbursement for healthcare coverage obtained outside of the City's healthcare plan:

1. Age 62 or older with at least ten (10) years of permanent full time City service
2. Age 55 or older with at least twenty (20) years of permanent full time City service
3. Thirty (30) or more years of permanent full time City service

Those employees hired on or after July 1, 2013 will not be eligible to receive premium reimbursement for healthcare coverage upon retirement.

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Funding Policy – Pre-65 retirees are not allowed to remain on the City’s healthcare plan, but the City will contribute toward the cost of individual health insurance premiums. For retirees who are not yet eligible for Medicare, the City identifies a health plan and will provide a reimbursement equivalent to the premium for this coverage, at which point the retiree may elect this coverage or use the reimbursement toward the purchase of coverage of his or her choosing. The retiree will continue to receive this reimbursement until eligible for Medicare.

Upon eligibility for Medicare, the City provides a Medicare supplement plan for those retirees hired on or before July 1, 2011. Retirees that were hired after July 1, 2011 and before July 1, 2013 will receive benefits until eligible for Medicare. Retirees that were hired on or after July 1, 2013 will not be eligible to participate in the plan.

Health care and prescription drug coverage are obtained outside of the City’s group health insurance plan. If a retiree was hired on or before July 1, 2011, coverage is transferred to a Medicare Supplement once the retiree is eligible for Medicare. Dental and Vision coverage is available at the retiree’s expense.

Summary of Significant Accounting Policies – Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due.

As of June 30, 2017 (latest available information), membership in the plan consisted of:

| | <u>General Employees</u> | <u>Law Enforcement Officers</u> |
|-----------------------------|------------------------------|-------------------------------------|
| Retirees receiving benefits | 6 | 3 |
| Active Plan Members | <u>9</u> | <u>3</u> |
| Total | <u>15</u> | <u>6</u> |

Total OPEB Liability

The City’s total OPEB liability of \$2,134,863 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, 2018 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 – General Employees 3.5 – 7.35 percent, average, including inflation – Law Enforcement Officers |
| Discount rate | 3.89 percent |
| Healthcare cost trend rates | Pre-medicare – 7.5% for 2017 decreasing to an ultimate rate of 5.00% by 2023 Medicare – 5.5% for 2017 decreasing to an ultimate rate of 5.00% by 2020 |

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|--|-----------------------------|
| Balance at July 1, 2018 | \$2,165,206 |
| Changes for the year | |
| Service cost | 52,896 |
| Interest | 76,056 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | 5,980 |
| Changes in assumptions or other inputs | (107,164) |
| Benefit payments | <u>(58,111)</u> |
| Net changes | <u>(30,343)</u> |
| Balance at June 30, 2019 | <u>\$2,134,863</u> |

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 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

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

| | <u>1% Decrease</u> | <u>Discount Rate (3.89%)</u> | <u>1% Increase</u> |
|----------------------|--------------------|------------------------------|--------------------|
| Total OPEB liability | \$ 2,485,737 | \$ 2,134,863 | \$ 1,853,320 |

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

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | <u>(Medical-5.5%, Prescription-6.25%, Admin Expenses- 2.00%)</u> | <u>Discount Rate (Medical-6.5%, Prescription-7.25%, Admin Expenses- 3.00%)</u> | <u>(Medical-7.5%, Prescription- 8.25%, Admin Expenses-4.00%)</u> |
|----------------------|--|--|--|
| Total OPEB liability | \$ 1,817,699 | \$ 2,134,863 | \$ 2,535,309 |

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$56,712. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 10,428 | \$ - |
| Changes of assumptions | <u>-</u> | <u>175,599</u> |
| Total | <u>\$ 10,428</u> | <u>\$ 175,599</u> |

Other amounts reported as deferred outflows and deferred inflows or resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------|-----------|
| 2020 | (72,240) |
| 2021 | (68,985) |
| 2022 | (23,946) |

Death Benefit Plan

The City provides death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multi-employer, State-administered, cost-sharing plan funded on a one-year cost basis. The beneficiaries of those officers 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. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City considers these contributions immaterial.

For the fiscal year ended June 30, 2019, the City made contributions to the State for death benefits of \$1,078. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.14% of covered payroll, respectively.

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

6. Risk Management

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

In accordance with G.S. 159-29, the Finance Officer is bonded for \$100,000 and the Tax Collector is bonded for \$10,000. Employees that have access to \$100 or more at any given time of the City's funds are covered by an employees' dishonesty blanket policy, with coverage up to \$50,000.

7. Deferred Outflows and Inflows of Resources

For the fiscal year ended June 30, 2019, the City had several deferred outflows of resources:

| <u>Source</u> | <u>Amount</u> |
|---|-------------------|
| Contribution to pension plan in current year | \$ 135,180 |
| Benefit payments made and administrative expenses for LEOSA | 65,469 |
| Differences between expected and actual experience | 143,757 |
| Changes in assumptions | 188,007 |
| Net difference between projected and actual | 92,030 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 8,166 |
| Total | <u>\$ 632,609</u> |

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

| <u>Source</u> | <u>Statement of Net Position</u> | <u>General Fund Balance Sheet</u> |
|---|--------------------------------------|---|
| Unavailable Revenue | \$ 24,575 | \$ 24,575 |
| Differences between expected and actual experience | 69,210 | - |
| Change in assumptions | 189,698 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 9,312 | - |
| Property taxes receivable | - | 50,442 |
| Total | <u>\$292,795</u> | <u>\$ 75,017</u> |

8. Claims, Judgments and Contingent Liabilities

During the year ended June 30, 2019, the City consulted attorneys on various legal matters. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

9. Commitments

The City has two commitments to the Creedmoor Volunteer Fire Department Inc. The first commitment is for fire protection for fiscal year 2020 in the amount of \$153,050. The second commitment is to accumulate funds for future fire related capital outlay purposes. The City has assigned \$14,195 for future needs as of June 30, 2019.

10. Long-Term Obligation

a. Changes in General Long-Term Liabilities

Governmental Activities

| <i>General Fund</i> | General Long-Term Debt Balance, as restated <u>7/1/2018</u> | <u>Additions</u> | <u>Retirements</u> | General Long-Term Debt Balance, <u>6/30/2019</u> | Current Portion Of <u>Balance</u> |
|-------------------------------|--|-------------------|--------------------|--|--|
| Total pension liability (LEO) | \$ 259,981 | \$ 41,037 | \$ - | \$ 301,018 | \$ - |
| Net pension liability (LGERS) | 416,922 | 217,835 | - | 634,757 | - |
| Total OPEB liability | 2,036,160 | - | 14,872 | 2,021,288 | - |
| Compensated Absences | <u>87,179</u> | <u>72,742</u> | <u>77,552</u> | <u>82,369</u> | <u>77,552</u> |
| Totals | <u>\$2,800,242</u> | <u>\$ 331,614</u> | <u>\$92,424</u> | <u>\$3,039,432</u> | <u>\$77,552</u> |

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Business-type Activities

| <i>Stormwater Fund</i> | General Long-Term Debt Balance, as restated <u>7/1/2018</u> | <u>Additions</u> | <u>Retirements</u> | General Long-Term Debt Balance, <u>6/30/2019</u> | Current Portion Of <u>Balance</u> |
|-------------------------------|--|------------------|--------------------|--|--|
| Net pension liability (LGERS) | \$ 26,423 | \$ 9,244 | \$ - | \$ 35,667 | \$ - |
| Total OPEB liability | 129,046 | - | 15,471 | 113,575 | - |
| Compensated Absences | <u>7,248</u> | <u>5,305</u> | <u>8,302</u> | <u>4,251</u> | <u>4,251</u> |
| Totals | <u>\$162,717</u> | <u>\$ 14,549</u> | <u>\$ 23,773</u> | <u>\$153,493</u> | <u>\$ 4,251</u> |

Net pension liability, total pension liability, and total other postemployment liability for governmental activities are all typically liquidated in the General Fund. Compensated absences for governmental activities typically have been liquidated in the General Fund and accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned. Net pension liability and total other postemployment liability for business-type activities are generally liquidated by the Stormwater Fund.

b. Fund Balance

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

| | |
|----------------------------------|--------------------|
| Total Fund Balance –General Fund | <u>\$8,825,293</u> |
| Less: | |
| Prepaid assets | 49,256 |
| Stabilization by State Statute | 445,102 |
| Appropriated in subsequent year | 179,213 |
| Streets – Powell Bill * | 348,415 |
| Public safety * | 15,851 |
| Recreation * | <u>289,986</u> |
| <i>Undesignated Fund Balance</i> | <u>\$7,497,470</u> |

The items above, marked with an *, may be appropriated in the City's budget, but only for limited purposes.

The City's Board of Commissioners adopted a formal fund balance policy in July 2015 which sets a goal of maintaining 100% Fund Balance Available for Appropriation in the General Fund. The calculation will be done in accordance with General Statute 159-8(a) and in guidance from the Local Government Commission.

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Encumbrances

Outstanding encumbrances are amounts needed to pay any commitments related to open purchase orders and contracts which remain unperformed at year end.

| | |
|---------------------------------|---------------|
| <u>General Fund</u> | \$ 22,881 |
| <u>General Capital Projects</u> | \$ 10,078,544 |

Net Investment in Capital Assets

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|--|--------------------------------|---------------------------------|
| Capital Assets | \$12,077,746 | \$ - |
| Less: | | |
| Long-term debt associated with capital assets | - | - |
| | <u>\$12,077,746</u> | <u>\$ -</u> |

NOTE IV. TRANSFERS TO/FROM OTHER FUNDS

Interfund transfers for the fiscal year ended are summarized in the matrix following:

| From | To | Amount | Reason |
|-----------------|--------------------------|-----------|---|
| Capital Reserve | General Capital Projects | \$540,000 | To fund the city-wide street restoration. |

NOTE V. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE VI. EVENTS OCCURRING AFTER REPORTING DATE

The City has evaluated events and transactions that occurred between June 30, 2019 and November 8, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. There were no events that occurred during this time that were deemed to be significant enough to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CREEDMOOR, NORTH CAROLINA
CITY OF CREEDMOOR'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS ***

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|------------|------------|------------|------------|--------------|------------|
| Creedmoor's share of the net pension liability (asset) as a percentage | 0.02826% | 0.02902% | 0.02714% | 0.02813% | -0.02660% | 0.02570% |
| Creedmoor's share of the net pension liability (asset) as a dollar amount | \$ 670,424 | \$ 443,345 | \$ 576,002 | \$ 126,246 | \$ (156,872) | \$ 309,784 |
| Creedmoor's covered payroll | 1,778,460 | 1,694,817 | 1,615,520 | 1,612,971 | 1,492,642 | 1,364,249 |
| Creedmoor's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 37.70% | 26.16% | 35.65% | 7.83% | -10.51% | 22.71% |
| 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.

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

**CITY OF CREEDMOOR, NORTH CAROLINA
CITY OF CREEDMOOR'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS**

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------|----------------|----------------|----------------|-----------------|----------------|
| Contractually required contribution | \$ 135,180 | \$ 138,629 | \$ 128,012 | \$ 110,879 | \$ 109,786 | \$ 106,883 |
| Contributions in relation to the contractually required contribution | <u>135,180</u> | <u>138,629</u> | <u>128,012</u> | <u>110,879</u> | <u>116,141</u> | <u>106,883</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,355</u> | <u>\$ -</u> |
| Creedmoor's covered payroll | 1,669,721 | 1,778,460 | 1,694,817 | 1,615,520 | 1,612,971 | 1,492,642 |
| Contributions as a percentage of covered payroll | 8.10% | 7.79% | 7.55% | 6.86% | 7.20% | 7.16% |

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

CITY OF CREEDMOOR, 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 | \$ 259,981 | \$ 324,532 | \$ 309,056 |
| Service cost | 19,829 | 15,655 | 23,176 |
| Interest on the total pension liability | 8,047 | 12,321 | 10,843 |
| Changes of benefit terms | - | - | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 35,381 | (96,747) | - |
| Changes of assumptions or other inputs | (11,572) | 14,868 | (7,895) |
| Benefit payments | (10,648) | (10,648) | (10,648) |
| Other changes | - | - | - |
| Ending balance of the total pension liability | <u>\$ 301,018</u> | <u>\$ 259,981</u> | <u>\$ 324,532</u> |

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

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

CITY OF CREEDMOOR, 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 | \$ 301,018 | \$ 259,981 | \$ 324,532 |
| Covered payroll | 745,707 | 684,786 | 918,561 |
| Total pension liability as a percentage of covered payroll | 40.37% | 37.97% | 35.33% |

Notes to the schedules:

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

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

CITY OF CREEDMOOR, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
June 30, 2019

| | <u>2019</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Total OPEB liability | | |
| Service Cost | \$ 52,896 | \$ 59,116 |
| Interest | 76,056 | 67,780 |
| Changes of benefit terms | - | - |
| Differences between expected and actual experience | 5,980 | 12,158 |
| Changes of assumptions | (107,164) | (194,879) |
| Benefit payments | (58,111) | (61,134) |
| Net change in total OPEB liability | (30,343) | (116,959) |
| Total OPEB liability - beginning | 2,165,206 | 2,282,165 |
| Total OPEB liability - ending | <u>\$ 2,134,863</u> | <u>\$ 2,165,206</u> |
| | | |
| Covered payroll | 578,578 | 578,578 |
| Total OPEB liability as a percentage of covered payroll | 368.98% | 374.23% |

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:

| <u>Fiscal Year</u> | <u>Rate</u> |
|---------------------------|--------------------|
| 2018 | 3.56% |
| 2019 | 3.89% |

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

City of Creedmoor
North Carolina

**COMBINING AND INDIVIDUAL
FUND SCHEDULES**

CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Year ended June 30, 2018

| | 2019 | | VARIANCE | 2018 |
|-----------------------------------|--------------|--------------|------------------------|------------|
| | BUDGET | ACTUAL | POSITIVE (NEGATIVE) | ACTUAL |
| REVENUES | | | | |
| Ad valorem taxes | | | | |
| Taxes | \$ 2,124,000 | \$ 2,030,322 | \$ - | 1,960,763 |
| Penalties and interest | 5,000 | 6,372 | | 5,710 |
| Total | 2,129,000 | 2,036,694 | (92,306) | 1,966,473 |
| Other taxes and licenses | | | | |
| Local option sales tax | 975,000 | 1,088,165 | | 1,018,763 |
| Local ABC revenues | 12,000 | 7,568 | | 6,880 |
| Privilege licenses | 180 | 545 | | 195 |
| Total | 987,180 | 1,096,278 | 109,098 | 1,025,838 |
| Unrestricted intergovernmental | | | | |
| Utility franchise tax | 355,000 | 358,097 | | 362,275 |
| Beer and wine tax | 20,000 | 19,876 | | 19,629 |
| Total | 375,000 | 377,973 | 2,973 | 381,904 |
| Restricted intergovernmental | | | | |
| "State Street Aid" grant | 116,000 | 118,689 | | 116,798 |
| South Granville SRO | 62,500 | 63,489 | | 62,269 |
| Solid waste disposal | 3,000 | 3,417 | | 3,011 |
| Granville County recreation grant | 14,000 | 14,063 | | 14,063 |
| Total | 195,500 | 199,658 | 4,158 | 196,141 |
| Permits and fees | | | | |
| City tags | 39,000 | 37,948 | | 37,073 |
| Inspection fees | 51,050 | 7,160 | | 79,560 |
| Total | 90,050 | 45,108 | (44,942) | 116,633 |
| Sales and services | | | | |
| Cable franchise | 14,000 | 5,797 | | 13,097 |
| Garbage fees | - | - | | 20 |
| Police Officer Fees | 15,471 | 19,305 | | 11,343 |
| Rent-gym | 3,500 | 5,900 | | 10,260 |
| Rent-ball field | - | 760 | | 998 |
| Concessions and boat rental | 4,700 | 5,081 | | 6,908 |
| Participant registration fees | 1,000 | 1,763 | | 2,369 |
| Cell tower lease | 119,050 | 118,885 | | 112,422 |
| Total | \$ 157,721 | \$ 157,491 | \$ (230) | \$ 157,417 |

CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Year ended June 30, 2018

| | 2019 | | VARIANCE POSITIVE (NEGATIVE) | 2018 |
|------------------------------|------------|------------|------------------------------------|------------|
| | BUDGET | ACTUAL | | ACTUAL |
| Investment earnings | | | | |
| General fund | \$ 50,000 | \$ 169,158 | \$ - | \$ 98,427 |
| Powell bill | 2,000 | 6,658 | | 2,655 |
| Recreation Fund | 2,500 | 6,657 | | 4,018 |
| Total | 54,500 | 182,473 | 127,973 | 105,100 |
| Miscellaneous | | | | |
| Music Festival | 14,000 | 21,179 | | 15,619 |
| Fireworks | 7,500 | 9,312 | | 8,713 |
| Miscellaneous | 2,100 | 12,250 | | 2,899 |
| Total | 23,600 | 42,741 | 19,141 | 27,231 |
| Total revenues | 4,012,551 | 4,138,416 | 125,865 | 3,976,737 |
| EXPENDITURES | | | | |
| General government | | | | |
| Business development | | | | |
| Other operating expenditures | 38,000 | 8,151 | | 17,443 |
| Total business development | 38,000 | 8,151 | 29,849 | 17,443 |
| Governing body | | | | |
| Salaries and benefits | 42,583 | 39,439 | | 40,856 |
| Other operating expenditures | 42,800 | 33,524 | | 51,054 |
| Total governing body | 85,383 | 72,963 | 12,420 | 91,910 |
| City Manager | | | | |
| Salaries and benefits | 224,655 | 212,074 | | 147,455 |
| Other operating expenditures | 6,812 | 6,718 | | 8,699 |
| Total city manager | 231,467 | 218,792 | 12,675 | 156,154 |
| City Clerk | | | | |
| Salaries and benefits | 61,973 | 51,676 | | 57,442 |
| Other operating expenditures | 9,900 | 7,267 | | 14,750 |
| Total city clerk | 71,873 | 58,943 | 12,930 | 72,192 |
| Administration | | | | |
| Salaries and benefits | 206,545 | 181,362 | | 194,973 |
| Other operating expenditures | 352,201 | 326,315 | | 290,068 |
| Capital outlay | 8,949 | - | | 11,825 |
| Total administration | \$ 567,695 | \$ 507,677 | \$ 60,018 | \$ 496,866 |

CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Year ended June 30, 2018

| | 2019 | | VARIANCE | 2018 |
|--|------------|------------|------------------------|------------|
| | BUDGET | ACTUAL | POSITIVE (NEGATIVE) | ACTUAL |
| Legal Services | | | | |
| Other operating expenditures | \$ 60,000 | \$ 48,892 | | \$ 51,842 |
| Total legal services | 60,000 | 48,892 | 11,108 | 51,842 |
| Finance | | | | |
| Salaries and benefits | 156,814 | 153,063 | | 148,459 |
| Other operating expenditures | 42,720 | 36,308 | | 31,171 |
| Total finance | 199,534 | 189,371 | 10,163 | 179,630 |
| Planning and Development | | | | |
| Salaries and benefits | 200,673 | 161,915 | | 170,385 |
| Other operating expenditures | 23,556 | 12,098 | | 30,417 |
| Capital outlay | - | - | | - |
| Total planning and development | 224,229 | 174,013 | 50,216 | 200,802 |
| Total general government | 1,478,181 | 1,278,802 | 199,379 | 1,266,839 |
| Public Safety | | | | |
| Police | | | | |
| Salaries and benefits | 1,381,375 | 1,284,018 | | 1,218,702 |
| Vehicle maintenance | 23,660 | 23,651 | | 17,688 |
| Other operating expenditures | 167,304 | 122,779 | | 111,107 |
| Public safety-fire | 144,270 | 144,270 | | 131,583 |
| Capital outlay | 43,000 | 40,659 | | 55,510 |
| Total Public Safety | 1,759,609 | 1,615,377 | 144,232 | 1,534,590 |
| Transportation and Public Works | | | | |
| Inspections | | | | |
| Salaries and benefits | 75,618 | 21,223 | | 141,114 |
| Other operating expenditures | 38,382 | 29,530 | | 2,261 |
| Total inspections | 114,000 | 50,753 | 63,247 | 143,375 |
| Public Works | | | | |
| Salaries and benefits | 202,764 | 195,450 | | 207,205 |
| Street & sidewalk, construction and maintenance | 5,000 | 1,061 | | 2,987 |
| Vehicle maintenance | 8,000 | 7,123 | | 4,346 |
| Refuse collection | 4,300 | 4,646 | | 4,640 |
| Other operating expenditures | 213,373 | 157,359 | | 173,370 |
| Capital outlay | 62,000 | 55,414 | | 96,126 |
| Total public works | \$ 495,437 | \$ 421,053 | \$ 74,384 | \$ 488,674 |

CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Year ended June 30, 2018

| | 2019 | | VARIANCE | 2018 |
|--|-----------|--------------|------------------------|--------------|
| | BUDGET | ACTUAL | POSITIVE (NEGATIVE) | ACTUAL |
| Powell Bill | | | | |
| Salaries and benefits | \$ 25,515 | \$ 21,180 | | \$ 21,662 |
| Other operating expenditures | 92,485 | - | | 8,176 |
| Total Powell Bill | 118,000 | 21,180 | 96,820 | 29,838 |
| Total transportation and public works | 727,437 | 492,986 | 234,451 | 661,887 |
| Culture and recreation | | | | |
| Parks and recreation | | | | |
| Salaries and benefits | 107,541 | 71,223 | | 83,273 |
| Programming | 97,251 | 71,036 | | 75,126 |
| Site specific operations | 26,728 | 45,099 | | 18,752 |
| Event support | - | - | | - |
| Capital outlay | 34,629 | 13,257 | | - |
| Total Culture and recreation | 266,149 | 200,615 | 65,534 | 177,151 |
| Total expenditures | 4,231,376 | 3,587,780 | 643,596 | 3,640,467 |
| Revenues over (under) expenditures | (218,825) | 550,636 | 769,461 | 336,270 |
| Other Financing Sources (Uses) | | | | |
| Transfers to Other Funds | | | | |
| Stormwater | - | - | | - |
| Sale of equipment | 23,000 | 13,677 | | 88,577 |
| Total other financing sources (uses) | 23,000 | 13,677 | (9,323) | 88,577 |
| FUND BALANCE APPROPRIATED | 195,825 | - | (195,825) | - |
| EXCESS OF REVENUES, APPROPRIATED FUND BALANCE, AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | \$ - | 564,313 | \$ 564,313 | 424,847 |
| FUND BALANCES | | | | |
| Beginning of year | | 8,260,980 | | 7,836,133 |
| End of year | | \$ 8,825,293 | | \$ 8,260,980 |

CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2019

| | <u>PROJECT AUTHORIZATION</u> | <u>PRIOR YEARS</u> | <u>CURRENT YEAR</u> | <u>TOTAL TO DATE</u> | <u>VARIANCE POSITIVE (NEGATIVE)</u> |
|---|----------------------------------|------------------------|-------------------------|--------------------------|---|
| Revenues-General Government Projects | | | | | |
| Restricted Intergovernmental | | | | | |
| Federal Grant-CMAQ 2, C-5166A | \$ 907,200 | \$ 183,502 | \$ 315,136 | \$ 498,638 | \$ (408,562) |
| Federal Grant-CMAQ 3, C-5166B | 765,600 | 157,585 | 145,088 | 302,673 | (462,927) |
| Federal Grant-US 15 Sidewalk | 560,000 | 101,318 | 95,816 | 197,134 | (362,866) |
| Federal Grant-Campo | 2,320,531 | - | - | - | (2,320,531) |
| State Grant-US 15 Sidewalk | 140,000 | 25,329 | 23,954 | 49,283 | (90,717) |
| State Grant-Gym and Senior Center | 500,000 | - | - | - | (500,000) |
| Local Grants-Lake Rogers Improvements | 90,000 | 40,000 | 35,000 | 75,000 | (15,000) |
| Local Grant-Gym and Senior Center | 350,000 | - | - | - | (350,000) |
| Investment Earnings | - | 30,114 | 13,553 | 43,667 | 43,667 |
| Total Revenues | <u>5,633,331</u> | <u>537,848</u> | <u>628,547</u> | <u>1,166,395</u> | <u>(4,466,936)</u> |
| Expenditures-General Government Projects | | | | | |
| CMAQ 2, C-5166 | 3,039,336 | 278,634 | 372,218 | 650,852 | 2,388,484 |
| CMAQ 3, C-5166b | 1,980,989 | 209,814 | 168,529 | 378,343 | 1,602,646 |
| US 15 Sidewalk | 1,193,161 | 162,461 | 116,415 | 278,876 | 914,285 |
| Lake Rogers Improvements | 698,580 | 77,450 | 270,579 | 348,029 | 350,551 |
| Gym and Senior Center Renovations | <u>6,016,150</u> | <u>107,990</u> | <u>452,950</u> | <u>560,940</u> | <u>5,455,210</u> |
| Total Expenditures | <u>12,928,216</u> | <u>836,349</u> | <u>1,380,691</u> | <u>2,217,040</u> | <u>10,711,176</u> |
| Revenues over (under) expenditures | (7,294,885) | (298,501) | (752,144) | (1,050,645) | 6,244,240 |
| Other Financing Sources (uses) | | | | | |
| Transfer from General Fund | 546,700 | 518,201 | - | 518,201 | (28,499) |
| Transfer from Capital Reserve | 6,748,185 | 600,000 | 540,000 | 1,140,000 | (5,608,185) |
| Transfer from Water Ops | - | 14,250 | - | 14,250 | 14,250 |
| Transfer from Sewer Ops | - | 14,250 | - | 14,250 | 14,250 |
| Total Other Financing Sources (uses) | <u>7,294,885</u> | <u>1,146,701</u> | <u>540,000</u> | <u>1,686,701</u> | <u>(5,608,184)</u> |
| Fund Balance Appropriated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues and other sources over (under) expenditures | <u>\$ -</u> | <u>\$ 848,200</u> | <u>\$ (212,144)</u> | <u>\$ 636,056</u> | <u>\$ 636,056</u> |

CITY OF CREEDMOOR, NORTH CAROLINA
CAPITAL RESERVE FUND
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2019

| | <u>PROJECT AUTHORIZATION</u> | <u>PRIOR YEARS</u> | <u>CURRENT YEAR</u> | <u>TOTAL TO DATE</u> | <u>VARIANCE POSITIVE (NEGATIVE)</u> |
|--|----------------------------------|------------------------|-------------------------|--------------------------|---|
| Revenues - Capital Reserve Fund | | | | | |
| Investment Earnings | \$ 231,523 | \$ 146,799 | \$ 132,994 | \$ 279,793 | \$ 48,270 |
| Total Revenues | 231,523 | 146,799 | 132,994 | 279,793 | 48,270 |
| Expenditures - Economic Development | | | | | |
| Economic Development facilities | 3,542,928 | - | - | - | 3,542,928 |
| Total Expenditures | 3,542,928 | - | - | - | 3,542,928 |
| Revenues over (under) expenditures | (3,311,405) | 146,799 | 132,994 | 279,793 | 3,591,198 |
| Other Financing Sources (uses) | | | | | |
| Transfer from Water Operations | - | 4,800,000 | - | 4,800,000 | 4,800,000 |
| Transfer from Sewer Operations | - | 3,200,000 | - | 3,200,000 | 3,200,000 |
| Transfer from General Capital Projects | - | 439,966 | - | 439,966 | 439,966 |
| Transfer to General Capital Projects | 3,311,405 | (2,436,158) | (540,000) | (2,976,158) | (6,287,563) |
| Subtotal Other Financing Sources (uses) | 3,311,405 | 6,003,808 | (540,000) | 5,463,808 | 2,152,403 |
| Revenues and other financing sources and (uses) | \$ - | \$ 6,150,607 | \$ (407,006) | \$ 5,743,601 | \$ 5,743,601 |

**CITY OF CREEDMOOR, NORTH CAROLINA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

| | WATER ECONOMIC DEVELOPMENT FUND | SEWER ECONOMIC DEVELOPMENT FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|------------------------------------|--|--|--|
| ASSETS | | | |
| Cash and cash equivalents | \$ 376,229 | \$ 522,481 | \$ 898,710 |
| Total Assets | <u>376,229</u> | <u>522,481</u> | <u>898,710</u> |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | - | - | - |
| Fund Balance | | | |
| Economic Development | <u>376,229</u> | <u>522,481</u> | <u>898,710</u> |
| Total Liabilities and Fund Balance | <u>\$ 376,229</u> | <u>\$ 522,481</u> | <u>\$ 898,710</u> |

CITY OF CREEDMOOR, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

| | WATER ECONOMIC DEVELOPMENT FUND | SEWER ECONOMIC DEVELOPMENT FUND | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|---|--|--|--|
| Revenues: | | | |
| Investment earnings | \$ 7,965 | \$ 11,061 | \$ 19,026 |
| Total revenues | 7,965 | 11,061 | 19,026 |
| Other Financing Sources (uses) | | | |
| Transfer to General Capital Projects Fund | - | - | - |
| Total Other Financing Sources (uses) | - | - | - |
| Net Change in Fund Balance | 7,965 | 11,061 | 19,026 |
| Fund Balance - beginning of year - July 1 | 368,264 | 511,420 | 879,684 |
| Fund Balance - end of year - June 30 | \$ 376,229 | \$ 522,481 | \$ 898,710 |

**CITY OF CREEDMOOR, NORTH CAROLINA
WATER ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | PROJECT AUTHORIZATION | PRIOR YEARS | CURRENT YEAR | TOTAL TO DATE | VARIANCE POSITIVE (NEGATIVE) |
|---|--------------------------|----------------|-----------------|------------------|------------------------------------|
| Revenues - Water Project | | | | | |
| Restricted Intergovernmental | | | | | |
| Investment Earnings | \$ - | \$ 8,264 | \$ 7,965 | \$ 16,229 | \$ 16,229 |
| Total Revenues | - | 8,264 | 7,965 | 16,229 | 16,229 |
| Other Financing Sources (uses) | | | | | |
| Transfer to General Capital Projects | (140,000) | (140,000) | - | (140,000) | - |
| Total Other Financing Sources (uses) | (140,000) | (140,000) | - | (140,000) | - |
| Fund Balance Appropriated | 140,000 | - | - | - | 140,000 |
| Revenues and other sources over (under) expenditures | \$ - | \$ (131,736) | \$ 7,965 | \$ (123,771) | \$ (123,771) |

**CITY OF CREEDMOOR, NORTH CAROLINA
SEWER ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

| | <u>PROJECT AUTHORIZATION</u> | <u>PRIOR YEARS</u> | <u>CURRENT YEAR</u> | <u>TOTAL TO DATE</u> | <u>VARIANCE POSITIVE (NEGATIVE)</u> |
|--|----------------------------------|------------------------|-------------------------|--------------------------|---|
| Revenues - Sewer Project | | | | | |
| Restricted Intergovernmental | | | | | |
| Investment earnings | <u>\$ -</u> | <u>\$ 11,420</u> | <u>\$ 11,061</u> | <u>\$ 22,481</u> | <u>\$ 22,481</u> |
| Total Revenues | <u>-</u> | <u>11,420</u> | <u>11,061</u> | <u>22,481</u> | <u>22,481</u> |
| Other Financing Sources (uses) | | | | | |
| Transfer from Sewer Fund | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance Appropriated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Revenues, Appropriated Fund Balance, and Other Funding Sources Over (Under) Expenditures and Other Funding Uses | <u>\$ -</u> | <u>\$ 11,420</u> | <u>\$ 11,061</u> | <u>\$ 22,481</u> | <u>\$ 22,481</u> |

**CITY OF CREEDMOOR, NORTH CAROLINA
STORMWATER MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019
With Comparative Totals for the Year Ended June 30, 2018**

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE POSITIVE (NEGATIVE)</u> | <u>2018</u> |
|--|-----------------|-------------------|---|------------------|
| REVENUES: | | | | |
| Stormwater assessments | \$ 291,900 | \$ 281,259 | | \$ 281,822 |
| Prior year stormwater assessments | 725 | 2,068 | | 1,593 |
| Penalties & interest | 500 | 620 | | 763 |
| Review fees | 1,500 | - | | 1,010 |
| Total operating revenues | <u>294,625</u> | <u>283,947</u> | <u>(10,678)</u> | <u>285,188</u> |
| Nonoperating revenues | | | | |
| Interest earnings | <u>2,500</u> | <u>8,323</u> | | <u>4,178</u> |
| Total nonoperating revenues | <u>2,500</u> | <u>8,323</u> | <u>5,823</u> | <u>4,178</u> |
| Total Revenues | 297,125 | 292,270 | (4,855) | 289,366 |
| EXPENDITURES: | | | | |
| Stormwater administration | | | | |
| Salaries & employee benefits | 31,589 | 7,212 | | 31,646 |
| Other operating expenditures | <u>29,100</u> | <u>26,823</u> | | <u>20,116</u> |
| | 60,689 | 34,035 | 26,654 | 51,762 |
| Stormwater repair and maintenance | | | | |
| Salaries & employee benefits | 102,924 | 86,730 | | 84,630 |
| Drainage Maintenance | 50,000 | 41,980 | | 40,042 |
| Other oprating expenditures | <u>11,500</u> | <u>9,531</u> | | <u>9,684</u> |
| | 164,424 | 138,241 | 26,183 | 134,356 |
| Stormwater common operating expenses | | | | |
| Other operating expenditures | <u>28,500</u> | <u>22,001</u> | <u>6,499</u> | <u>24,750</u> |
| Total stormwater management | 253,613 | 194,277 | 59,336 | 210,868 |
| REVENUES OVER (UNDER) EXPENDITURES | 43,512 | 97,993 | 54,481 | 78,498 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Fund Balance Appropriated | <u>(43,512)</u> | <u>-</u> | <u>43,512</u> | <u>-</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(43,512)</u> | <u>-</u> | <u>43,512</u> | <u>-</u> |
| REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>\$ -</u> | <u>97,993</u> | <u>\$ 97,993</u> | <u>\$ 78,498</u> |
| Reconciliation from budgetary basis (modified accrual) to full accrual basis: | | | | |
| Increase in deferred outflows of resources--OPEB | | 15 | | |
| Decrease in OPEB liability | | 15,471 | | |
| Increase in deferred inflows of resources-OPEB | | (683) | | |
| Increase in deferred outflows of resources-pensions | | 6,549 | | |
| Increase in net pension liability | | (9,244) | | |
| Decrease in deferred inflows of resources-pensions | | 368 | | |
| Change in net position - Exhibit 7 | | <u>\$ 110,469</u> | | |

Note: Stormwater Common Operating Expenses are Creedmoor's share of costs borne through an interlocal agreement for stormwater management and billing.

CITY OF CREEDMOOR, NORTH CAROLINA
SUPPLEMENTARY INFORMATION
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 | \$ - | \$ 2,068,987 | \$ 2,041,004 | \$ 27,983 |
| 2017-2018 | 11,409 | - | 7,459 | 3,950 |
| 2016-2017 | 3,226 | - | 466 | 2,760 |
| 2015-2016 | 2,846 | - | 941 | 1,905 |
| 2014-2015 | 1,361 | - | 43 | 1,318 |
| 2013-2014 | 3,264 | - | 59 | 3,205 |
| 2012-2013 | 3,708 | - | 52 | 3,656 |
| 2011-2012 | 3,222 | - | 7 | 3,215 |
| 2010-2011 | 2,457 | - | 7 | 2,450 |
| 2009-2010 | 2,590 | - | 2,590 | - |
| | <u>\$ 34,083</u> | <u>\$ 2,068,987</u> | <u>\$ 2,052,628</u> | <u>\$ 50,442</u> |

Reconcilement with revenues:

| | |
|--|---------------------|
| Ad valorem taxes - General Fund | \$ 2,036,694 |
| Reconciling items: | |
| Write off of 10 year old accounts net of actual collections | 2,590 |
| Discounts allowed | 19,716 |
| Interest collected | (6,372) |
| Total collections and credits | <u>\$ 2,052,628</u> |

CITY OF CREEDMOOR, NORTH CAROLINA
SUPPLEMENTARY INFORMATION
ANALYSIS OF CURRENT TAX LEVY
June 30, 2019

| | City-Wide | | | Total Levy | |
|---|-----------------------|-------|---------------------|--|---------------------------------|
| | Property Valuation | Rate | Total Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original Levy: | | | | | |
| Property taxed at Current Year Rate | \$ 288,389,431 | 0.615 | \$ 1,773,595 | \$ 1,773,595 | \$ - |
| Registered motor vehicles taxed at current year's rate | 38,240,976 | 0.615 | 235,182 | - | 235,182 |
| Total Levy | 326,630,407 | | 2,008,777 | 1,773,595 | 235,182 |
| Discoveries | 10,013,333 | 0.615 | 61,582 | 61,582 | - |
| Abatements | (223,089) | 0.615 | (1,372) | (1,372) | - |
| Total Property Valuation | <u>\$ 336,420,651</u> | | 2,068,987 | 1,833,805 | 235,182 |
| Less: Uncollected Tax June 30, 2019 | | | (27,983) | (27,779) | (204) |
| Current Year Taxes Collected | | | <u>\$ 2,041,004</u> | <u>\$ 1,806,026</u> | <u>\$ 234,978</u> |
| Current Levy Collection % | | | <u>98.65%</u> | <u>98.49%</u> | <u>99.91%</u> |

City of Creedmoor North Carolina

STATISTICAL SECTION

The unaudited statistical section presents comparative statistical data and other pertinent information for the City. Because this is the City's second Comprehensive Annual Financial Report, certain data is not available. This section may be further divided as follows:

Financial Trends (Tables 1 to 3), containing trend information to help the reader understand how the City's financial performance and standing have changed over time.

Revenue Capacity (Tables 4 to 7), containing information to help the reader assess the City's tax base.

Debt Capacity (Tables 8 to 12), containing schedules to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

City of Creedmoor North Carolina

STATISTICAL SECTION

Demographic and Economic Information (Tables 13 to 15), containing demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place. This information also enhances comparisons over different time periods and comparisons with other local government units.

Operating Information, (Tables 16 to 19), containing information about the City's operation and resources, specific to Creedmoor, to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

CITY OF CREEDMOOR, NORTH CAROLINA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

| | Fiscal Year | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 1,344,664 | \$ 1,432,833 | \$ 3,816,883 | \$ 4,397,870 | \$ 4,585,965 | \$ 7,919,141 | \$ 8,210,882 | \$ 10,525,310 | \$ 10,888,834 | \$ 12,077,746 |
| Restricted | 32,004 | 410,743 | 517,547 | 575,496 | 596,197 | 8,673,716 | 7,407,260 | 6,805,838 | 668,150 | 796,290 |
| Unrestricted | 2,358,221 | 2,386,960 | 2,274,297 | 2,735,686 | 2,990,879 | 7,381,804 | 9,841,979 | 8,079,408 | 12,885,462 | 12,678,737 |
| Total governmental activities net position | \$ 3,734,889 | \$ 4,230,536 | \$ 6,608,727 | \$ 7,709,052 | \$ 8,173,041 | \$ 23,974,661 | \$ 25,460,121 | \$ 25,410,556 | \$ 24,442,446 | \$ 25,552,773 |
| Business-type Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 4,246,962 | \$ 4,978,709 | \$ 6,257,388 | \$ 7,796,988 | \$ 8,068,793 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | 232,745 | 232,610 | 109,607 | 171,305 | 159,710 | 141,528 | 251,997 |
| Unrestricted | 2,087,395 | 2,034,768 | 2,643,259 | 2,705,075 | 2,855,744 | 1,000,094 | - | - | - | - |
| Total business-type activities net position | \$ 6,334,357 | \$ 7,013,477 | \$ 8,900,647 | \$ 10,734,808 | \$ 11,157,147 | \$ 1,109,701 | \$ 171,305 | \$ 159,710 | \$ 141,528 | \$ 251,997 |
| Primary Government | | | | | | | | | | |
| Net investment in capital assets | \$ 5,591,626 | \$ 6,411,542 | \$ 10,074,271 | \$ 12,194,858 | \$ 12,654,758 | \$ 7,919,141 | \$ 8,210,882 | \$ 10,525,310 | \$ 10,888,834 | \$ 12,077,746 |
| Restricted | 32,004 | 410,743 | 517,547 | 808,241 | 828,807 | 8,783,323 | 7,578,565 | 6,965,548 | 809,678 | 1,048,287 |
| Unrestricted | 4,445,616 | 4,421,728 | 4,917,556 | 5,440,761 | 5,846,623 | 8,381,898 | 9,841,979 | 8,079,408 | 12,885,462 | 12,678,737 |
| Total primary government net position | \$ 10,069,246 | \$ 11,244,013 | \$ 15,509,374 | \$ 18,443,860 | \$ 19,330,188 | \$ 25,084,362 | \$ 25,631,426 | \$ 25,570,266 | \$ 24,583,974 | \$ 25,804,770 |

Note:

The terminology has been updated in accordance with
GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources,
Deferred Inflows of Resources, and Net Position.*

CITY OF CREEDMOOR, NORTH CAROLINA
Government-wide Revenues
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

| | Fiscal Year | | | | | | | | | |
|--|----------------|----------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| General Government | \$ 945,132 | \$ 888,435 | \$ 1,051,839 | \$ 1,022,837 | \$ 1,206,037 | \$ 1,200,962 | \$ 1,176,457 | \$ 1,234,843 | \$ 1,295,994 | \$ 1,347,193 |
| Public Safety | 1,234,638 | 1,228,704 | 1,371,705 | 1,278,179 | 1,381,334 | 1,565,786 | 1,527,302 | 1,562,651 | 1,560,820 | 1,669,492 |
| Transportation and Public Works | 849,719 | 786,032 | 754,452 | 785,295 | 747,318 | 692,788 | 588,099 | 629,857 | 661,124 | 570,293 |
| Economic Development | 723 | 16,572 | 550 | 20,195 | 7,455 | 9,226 | 107,260 | 13,515 | 14,377 | - |
| Cultural and Recreation | 57,916 | 130,428 | 117,418 | 103,598 | 180,976 | 364,657 | 295,899 | 254,625 | 234,512 | 248,575 |
| Environmental Protection | - | - | - | - | - | 15,600 | - | - | - | - |
| Interest on long-term debt | 26,793 | 35,905 | 8,163 | - | - | - | - | - | - | - |
| Total governmental activities expenses | \$ 3,114,921 | \$ 3,086,076 | \$ 3,304,127 | \$ 3,210,104 | \$ 3,523,120 | \$ 3,849,019 | \$ 3,695,017 | \$ 3,695,491 | \$ 3,766,827 | \$ 3,835,553 |
| Business-type Activities | | | | | | | | | | |
| Water | \$ 970,025 | \$ 1,091,286 | \$ 1,108,679 | \$ 1,324,572 | \$ 1,392,565 | \$ 1,425,935 | \$ - | \$ - | \$ - | \$ - |
| Sewer | 1,208,102 | 1,188,980 | 1,275,255 | 1,594,291 | 1,615,703 | 1,520,237 | - | - | - | - |
| Stormwater | - | - | 74,289 | 131,114 | 218,457 | 298,298 | 228,334 | 419,313 | 214,814 | 181,801 |
| Total business-type activities expenses | \$ 2,178,127 | \$ 2,280,266 | \$ 2,458,223 | \$ 3,049,977 | \$ 3,226,725 | \$ 3,244,470 | \$ 228,334 | \$ 419,313 | \$ 214,814 | \$ 181,801 |
| Total Primary Government expenses | \$ 5,293,048 | \$ 5,366,342 | \$ 5,762,350 | \$ 6,260,081 | \$ 6,749,845 | \$ 7,093,489 | \$ 3,923,351 | \$ 4,114,804 | \$ 3,981,641 | \$ 4,017,354 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for service: | | | | | | | | | | |
| General Government | \$ 37,074 | \$ 50,770 | \$ 50,721 | \$ - | \$ 73,319 | \$ 92,040 | \$ 99,118 | \$ 58,302 | \$ 79,560 | \$ 7,160 |
| Public Safety | 56,290 | 56,169 | 57,674 | 59,937 | 63,764 | 60,021 | 60,021 | 61,795 | 62,269 | 63,489 |
| Transportation and Public Works | 311,666 | 303,885 | 325,356 | 343,442 | 391,929 | 120,342 | - | - | - | - |
| Cultural and Recreation | 130,551 | 119,145 | 106,434 | 111,982 | 110,429 | 97,342 | 105,721 | 125,000 | 132,957 | 132,389 |
| Environmental Protection | - | - | - | - | - | - | 3,241 | 3,329 | 3,031 | 3,417 |
| Operating grants and contributions | 94,327 | 97,470 | 137,851 | 134,578 | 201,584 | 281,303 | 323,724 | 134,667 | 142,204 | 152,057 |
| Capital grants and contributions | 10,889 | 11,246 | 2,024,115 | 517,881 | 13,000 | 15,000 | 250,000 | 17,860 | 40,000 | 614,994 |
| Total governmental activities program revenue | \$ 640,797 | \$ 638,685 | \$ 2,702,151 | \$ 1,167,820 | \$ 854,025 | \$ 666,048 | \$ 841,825 | \$ 400,953 | \$ 460,021 | \$ 973,506 |
| Business-type Activities | | | | | | | | | | |
| Charges for service: | | | | | | | | | | |
| Water | \$ 1,151,423 | \$ 1,402,434 | \$ 1,355,705 | \$ 1,497,238 | \$ 1,460,290 | \$ 1,265,048 | \$ - | \$ - | \$ - | \$ - |
| Sewer | 1,437,388 | 1,599,444 | 1,503,883 | 1,658,062 | 1,611,220 | 1,400,833 | - | - | - | - |
| Stormwater | - | - | - | 281,553 | 294,118 | 287,263 | 288,873 | 285,272 | 285,188 | 283,947 |
| Operating grants and contributions | 1,084,607 | - | - | - | - | - | - | - | - | - |
| Capital grants and contributions | 4,702 | - | 1,481,152 | 1,818,297 | 280,228 | 461,663 | - | - | - | - |
| Total business-type activities program revenue | \$ 3,678,120 | \$ 3,001,878 | \$ 4,340,740 | \$ 5,255,150 | \$ 3,645,856 | \$ 3,414,807 | \$ 288,873 | \$ 285,272 | \$ 285,188 | \$ 283,947 |
| Net (expense)/revenue: | | | | | | | | | | |
| Governmental activities | \$ (2,474,124) | \$ (2,447,391) | \$ (601,976) | \$ (2,042,284) | \$ (2,669,095) | \$ (3,182,971) | \$ (2,853,192) | \$ (3,294,538) | \$ (3,306,806) | \$ (2,862,047) |
| Business-type activities | 1,499,993 | 721,612 | 1,882,517 | 2,205,173 | 419,131 | 170,337 | 60,539 | (134,041) | 70,374 | 102,146 |
| Total primary government net revenue/(expense) | \$ (974,131) | \$ (1,725,779) | \$ 1,280,541 | \$ 162,889 | \$ (2,249,964) | \$ (3,012,634) | \$ (2,792,653) | \$ (3,428,579) | \$ (3,236,432) | \$ (2,759,901) |

Last Ten Fiscal Years
(accrual basis of accounting)

Table 2 (continued)

| | Fiscal Year | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|-----------------|--------------|--------------|--------------|--------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| General Revenues and Other Changes to Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes, general | \$ 1,838,189 | \$ 2,024,691 | \$ 1,911,636 | \$ 1,988,986 | \$ 2,073,246 | \$ 2,021,066 | \$ 1,958,169 | \$ 1,995,394 | \$ 1,969,219 | \$ 2,055,914 |
| Other taxes and unrestricted intergovernmental | 810,993 | 822,348 | 1,028,433 | 1,088,367 | 1,045,352 | 1,201,829 | 1,260,267 | 1,349,576 | 1,407,742 | 1,474,251 |
| Unrestricted investment earnings | 7,788 | 2,694 | 3,696 | 4,147 | 3,314 | 3,766 | 47,319 | 118,076 | 208,763 | 348,046 |
| Miscellaneous | 69,044 | 48,305 | 36,402 | 35,078 | 11,172 | 302,957 | 72,803 | 82,940 | 165,978 | 94,163 |
| Transfers | - | 45,000 | - | 26,031 | - | 15,636,373 | - | (120,000) | - | - |
| Total governmental activities | \$ 2,726,014 | \$ 2,943,038 | \$ 2,980,167 | \$ 3,142,609 | \$ 3,133,084 | \$ 19,165,991 | \$ 3,338,558 | \$ 3,425,986 | \$ 3,751,702 | \$ 3,972,374 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment earnings | \$ 3,611 | \$ 2,508 | \$ 4,653 | \$ 4,027 | \$ 3,208 | \$ 5,509 | \$ 1,159 | \$ 2,446 | \$ 4,178 | 8,323 |
| Miscellaneous | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | (45,000) | - | (26,031) | - | (15,636,373) | - | 120,000 | - | - |
| Special item gain (loss) | - | - | - | (349,008) | - | 5,431,677 | - | - | - | - |
| Total business-type activities | \$ 3,611 | \$ (42,492) | \$ 4,653 | \$ (371,012) | \$ 3,208 | \$ (10,199,187) | \$ 1,159 | \$ 122,446 | \$ 4,178 | \$ 8,323 |
| Total primary government | \$ 2,729,625 | \$ 2,900,546 | \$ 2,984,820 | \$ 2,771,597 | \$ 3,136,292 | \$ 8,966,804 | \$ 3,339,717 | \$ 3,548,432 | \$ 3,755,880 | \$ 3,980,697 |
| Change in Net Position: | | | | | | | | | | |
| Governmental Activities | \$ 251,890 | \$ 495,647 | \$ 2,378,191 | \$ 1,100,325 | \$ 463,989 | \$ 15,983,020 | \$ 485,366 | \$ 131,448 | \$ 444,896 | \$ 1,110,327 |
| Business-type activities: | 1,503,604 | 679,120 | 1,887,170 | 1,834,161 | 422,339 | (10,028,850) | 61,698 | (11,595) | 74,552 | 110,469 |
| Total primary government | \$ 1,755,494 | \$ 1,174,767 | \$ 4,265,361 | \$ 2,934,486 | \$ 886,328 | \$ 5,954,170 | \$ 547,064 | \$ 119,853 | \$ 519,448 | \$ 1,220,796 |

CITY OF CREEDMOOR, NORTH CAROLINA
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 3

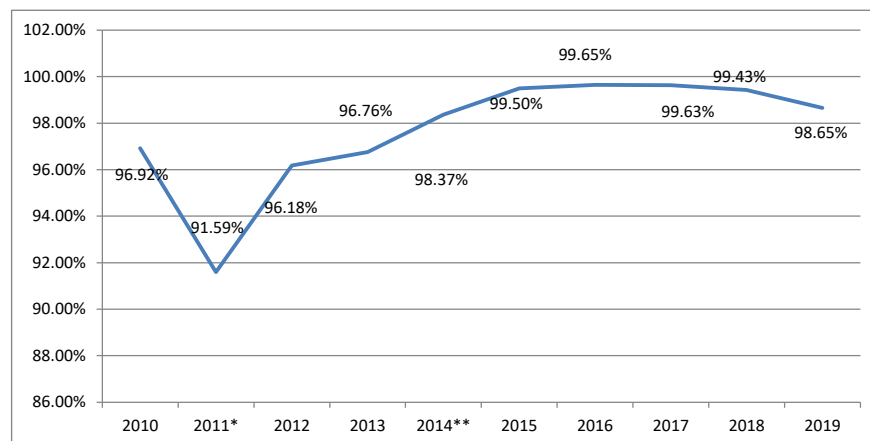
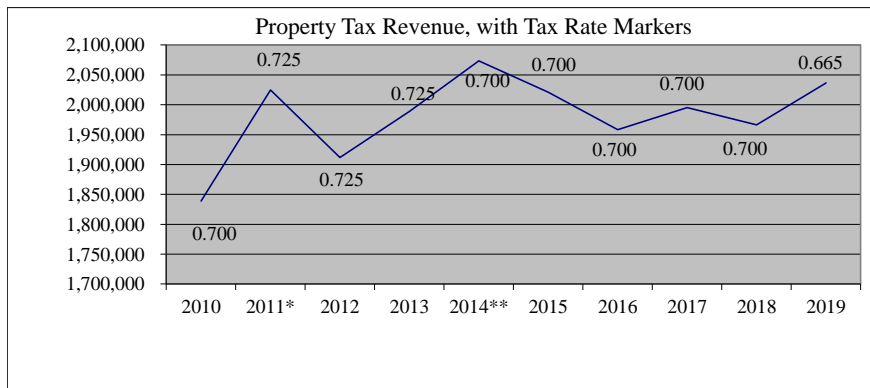
| | Fiscal Year | | | | | | | | | |
|--|--------------|--------------|----------------|--------------|--------------|---------------|--------------|----------------|--------------|--------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Revenues | | | | | | | | | | |
| Ad valorem taxes | \$ 1,878,471 | \$ 1,912,674 | \$ 1,997,414 | \$ 2,019,824 | \$ 2,101,734 | \$ 2,047,425 | \$ 1,974,347 | \$ 1,996,408 | \$ 1,966,473 | \$ 2,036,694 |
| Other taxes and licenses | 515,864 | 518,109 | 667,370 | 682,741 | 717,193 | 787,411 | 842,863 | 963,820 | 1,025,838 | 1,096,278 |
| Unrestricted intergovernmental revenue | 297,367 | 306,473 | 319,058 | 320,876 | 328,160 | 414,418 | 417,404 | 385,756 | 381,904 | 377,973 |
| Restricted intergovernmental revenue | 150,900 | 152,859 | 190,259 | 708,748 | 246,763 | 458,568 | 383,467 | 213,930 | 236,141 | 814,652 |
| Permits and fees | 65,742 | 72,115 | 81,854 | 84,750 | 118,369 | 129,136 | 135,709 | 95,840 | 116,633 | 45,108 |
| Sales and service | 447,264 | 444,423 | 447,868 | 455,186 | 459,864 | 350,772 | 370,642 | 143,005 | 157,417 | 157,491 |
| Investment earnings | 7,788 | 2,775 | 3,701 | 4,213 | 3,332 | 3,803 | 47,319 | 118,076 | 208,763 | 348,046 |
| Miscellaneous | 43,696 | 15,277 | 22,170 | 54,639 | 41,517 | 28,370 | 23,492 | 21,864 | 27,231 | 42,741 |
| Total revenues | 3,407,092 | 3,424,705 | 3,729,694 | 4,330,977 | 4,016,932 | 4,219,903 | 4,195,243 | 3,938,699 | 4,120,400 | 4,918,983 |
| Expenditures | | | | | | | | | | |
| General Government | 908,293 | 836,888 | 1,004,283 | 971,795 | 1,091,276 | 1,153,785 | 1,211,024 | 1,140,848 | 1,240,637 | 1,278,802 |
| Public Safety | 1,157,298 | 1,156,694 | 1,296,155 | 1,229,338 | 1,292,624 | 1,402,298 | 1,404,074 | 1,445,315 | 1,479,080 | 1,574,718 |
| Transportation and public works | 824,090 | 801,748 | 728,264 | 761,791 | 739,558 | 778,220 | 568,772 | 566,249 | 565,761 | 437,572 |
| Economic and physical dev. | 723 | 16,572 | 550 | 19,689 | 7,455 | 24,825 | 107,260 | 13,515 | 14,377 | - |
| Cultural and recreation | 41,805 | 63,933 | 96,752 | 105,701 | 157,780 | 164,308 | 155,090 | 201,439 | 177,151 | 187,358 |
| Capital outlay | 89,127 | 125,509 | 2,175,253 | 685,369 | 366,696 | 642,284 | 464,170 | 2,526,551 | 615,601 | 1,490,021 |
| Debt service: | | | | | | | | | | |
| Principal | 91,602 | 91,898 | 337,183 * | - | - | - | - | - | - | - |
| Interest | 27,760 | 22,939 | 22,410 | - | - | - | - | - | - | - |
| | 3,140,698 | 3,116,181 | 5,323,667 | 4,110,866 | 3,655,389 | 4,165,720 | 3,910,390 | 5,893,917 | 4,092,607 | 4,968,471 |
| Excess of revenues over / (under) expenditures | 266,394 | 308,524 | (1,593,973) | 220,111 | 361,543 | 54,183 | 284,853 | (1,955,218) | 27,793 | (49,488) |
| Other financing sources / (uses) | | | | | | | | | | |
| Transfers in | - | 232,800 | - | 292,150 | 147,300 | 12,892,203 | 489,035 | - | - | - |
| Transfers out | - | (187,800) | - | (266,119) | (147,300) | (114,750) | (489,035) | (120,000) | - | - |
| Sale of equipment | - | - | - | - | - | 2,131 | 9,393 | 14,396 | 88,577 | 13,677 |
| Proceeds of debt issuance | - | - | - | - | - | - | - | - | - | - |
| Total other financing sources or (uses) | - | 45,000 | - | 26,031 | - | 12,779,584 | 9,393 | (105,604) | 88,577 | 13,677 |
| Net change in fund balance | \$ 266,394 | \$ 353,524 | \$ (1,593,973) | \$ 246,142 | \$ 361,543 | \$ 12,833,767 | \$ 294,246 | \$ (2,060,822) | \$ 116,370 | \$ (35,811) |
| Debt service as a percentage of noncapital expenditures | 3.91% | 3.84% | 10.32% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

* = City Hall installment purchase settled 3 years early. See also Table 13.

CITY OF CREEDMOOR
 Governmental Activities, Property Tax Revenue
 Last Ten Fiscal Years
 (accrual basis of accounting)

Table 4

| Fiscal Year | Tax Rate | Property Tax | Tax Base | Collection Rate Current Fiscal Year |
|-------------|----------|--------------|-------------|--|
| 2010 | 0.725 | 1,838,783 | 253,625,239 | 96.92% |
| 2011* | 0.700 | 2,024,691 | 271,501,322 | 91.59% |
| 2012 | 0.700 | 1,911,636 | 272,071,628 | 96.18% |
| 2013 | 0.700 | 1,988,986 | 285,134,429 | 96.76% |
| 2014** | 0.700 | 2,073,246 | 296,899,857 | 98.37% |
| 2015 | 0.700 | 2,021,066 | 290,091,850 | 99.50% |
| 2016 | 0.665 | 1,958,169 | 296,689,924 | 99.65% |
| 2017 | 0.665 | 1,995,394 | 302,637,895 | 99.63% |
| 2018 | 0.635 | 1,966,473 | 312,606,457 | 99.43% |
| 2019 | 0.615 | 2,036,694 | 336,420,651 | 98.65% |



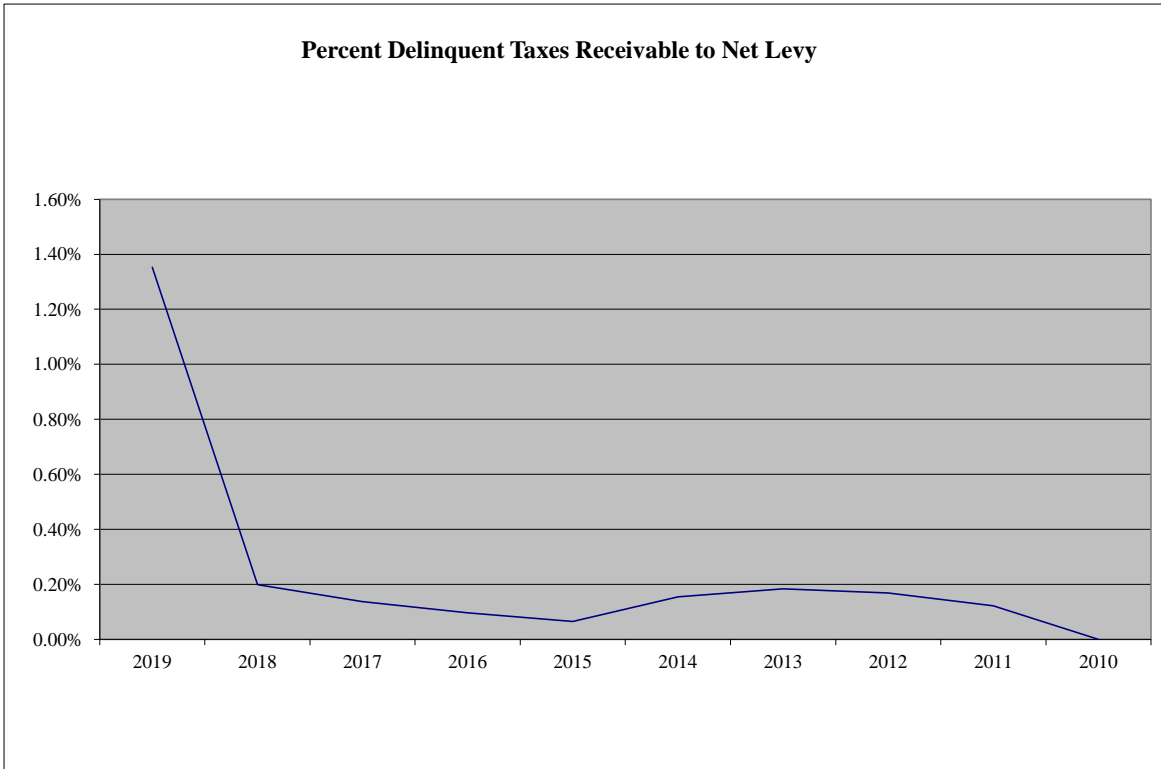
Note:

* = ' All three years of past taxes collected by the end of FY13.

** = collection efforts are included in this fiscal year. This is a one time event in the year of implementation.

CITY OF CREEDMOOR, NORTH CAROLINA
Property Tax Levies and Collections
Last Ten Fiscal Years
(modified accrual basis of accounting)

| Table 5 | | Current Year's Taxes Collected | Percent of Net Levy Collected | Collections -- Prior Years | Total Collections and Credits | Percent of Total Tax Collections to Net Levy | Ad Valorem Taxes Receivable Balance as of June 30, 2019 | Percent Delinquent Taxes to Net Levy |
|-------------|--------------|--------------------------------------|-------------------------------------|-------------------------------|----------------------------------|--|--|---|
| Fiscal Year | Net Levy | | | | | | | |
| 2019 | \$ 2,068,987 | \$ 2,041,004 | 98.65% | \$ - | \$ 2,041,004 | 98.65% | \$ 27,983 | 1.35% |
| 2018 | 1,985,051 | 1,973,642 | 99.43% | 7,459 | 1,981,101 | 99.80% | 3,950 | 0.20% |
| 2017 | 2,012,542 | 2,005,024 | 99.63% | 4,758 | 2,009,782 | 99.86% | 2,760 | 0.14% |
| 2016 | 1,972,988 | 1,966,076 | 99.65% | 3,865 | 1,969,941 | 99.85% | 1,905 | 0.10% |
| 2015 | 2,030,716 | 2,020,598 | 99.50% | 8,741 | 2,029,339 | 99.93% | 1,318 | 0.06% |
| 2014 | 2,078,299 | 2,044,385 | 98.37% | 30,379 | 2,074,764 | 99.83% | 3,205 | 0.15% |
| 2013 | 1,995,941 | 1,931,217 | 96.76% | 60,669 | 1,991,886 | 99.80% | 3,656 | 0.18% |
| 2012 | 1,904,501 | 1,831,776 | 96.18% | 69,407 | 1,901,183 | 99.83% | 3,215 | 0.17% |
| 2011 | 2,019,350 | 1,849,452 | 91.59% | 167,369 | 2,016,821 | 99.87% | 2,450 | 0.12% |
| 2010 | \$ 1,838,783 | \$ 1,782,090 | 96.92% | \$ 56,675 | \$ 1,838,765 | 100.00% | \$ - | 0.00% |



CITY OF CREEDMOOR
Assessed Value of Taxable Property
Last Ten Fiscal Years

| Fiscal Year | Assessed Value (1) | | | | | Ratio of Assessed Value to Actual Value | Property Tax Rate (per \$100 Assessed Value) |
|-------------|--------------------|--------------------------|----------------------------|-------------------------------|----------------|---|---|
| | Real Property | Personal Property (2) | Public Service Property | Abatements and Adjustments | Total | | |
| 2019 | \$ 290,133,900 | \$ 38,240,976 | \$ 8,268,864 | \$ (223,089) | \$ 336,420,651 | 100% | 0.615 |
| 2018 | 266,894,170 | 37,202,677 | 8,553,232 | (43,622) | 312,606,457 | 100% | 0.635 |
| 2017 | 259,021,298 | 35,360,602 | 8,275,243 | (19,248) | 302,637,895 | 100% | 0.665 |
| 2016 | 255,353,677 | 32,829,474 | 8,612,638 | (105,865) | 296,689,924 | 100% | 0.665 |
| 2015 | 251,727,143 | 30,221,429 | 8,143,977 | (99,919) | 289,992,630 | 100% | 0.700 |
| 2014 | 261,462,375 | 28,246,714 | 7,910,197 | (719,429) | 296,899,857 | 100% | 0.700 |
| 2013 | 249,758,049 | 27,607,287 | 8,420,379 | (651,286) | 285,134,429 | 100% | 0.700 |
| 2012 | 234,986,964 | 33,343,009 | 6,617,941 | (2,876,286) | 272,071,628 | 100% | 0.700 |
| 2011 | 233,992,652 | 32,525,245 | 8,517,854 | (3,534,429) | 271,501,322 | 100% | 0.700 |
| 2010 (3) | \$ 216,960,751 | \$ 32,814,130 | \$ 8,618,797 | \$ (4,768,439) | \$ 253,625,239 | 100% | 0.725 |

Note:

(1) Assessed value provided by NC Department of Revenue, per North Carolina TR-2 reports.

(2) Personal property includes motor vehicle values.

(3) Revaluation effective January 1 of the revaluation year. The increase to the tax base is effective in the following year's budget.

Property Tax Rates - Direct and Overlapping (4)
Last Ten Fiscal Years

| Fiscal Year | City of Creedmoor Tax Rate | Granville County Tax Rate | Combined Tax Rate Per \$100 of Assessed Valuation |
|-------------|----------------------------------|------------------------------|--|
| 2019 | \$ 0.615 | \$ 0.840 | \$ 1.455 |
| 2018 (3) | 0.635 | 0.880 | 1.515 |
| 2017 | 0.665 | 0.880 | 1.545 |
| 2016 | 0.665 | 0.830 | 1.495 |
| 2015 | 0.700 | 0.830 | 1.530 |
| 2014 | 0.700 | 0.830 | 1.530 |
| 2013 | 0.700 | 0.795 | 1.495 |
| 2012 | 0.700 | 0.795 | 1.495 |
| 2011 | 0.700 | 0.795 | 1.495 |
| 2010 (3) | 0.725 | 0.825 | 1.550 |

(4) Revaluation effective January 1 each year. The increase to the tax base is effective in the following year's budget.

(5) Overlapping rates are those of the local municipality and the county government that apply to property owners within the City of Creedmoor

CITY OF CREEDMOOR, NORTH CAROLINA
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Table 8

| | | Fiscal Year | | | | | | | | | |
|-------------------------------------|----|-------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| | | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Pre-GASB 54 | | | | | | | | | | | |
| General Fund | | | | | | | | | | | |
| Reserved | \$ | 358,185 | \$ --- | \$ --- | \$ --- | \$ --- | \$ --- | \$ --- | \$ --- | \$ --- | \$ --- |
| Unreserved | | 2,206,176 | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Total General Fund | \$ | 2,564,361 | \$ --- | \$ --- | \$ --- | \$ --- | \$ --- | \$ --- | \$ --- | \$ --- | \$ --- |
| Post-GASB 54 | | | | | | | | | | | |
| | | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| General Fund | | | | | | | | | | | |
| Fund Balance: | | | | | | | | | | | |
| Nonspendable | \$ | --- | \$ 16,734 | \$ 2,551 | \$ 18,292 | \$ 24,410 | \$ 30,220 | \$ 44,083 | \$ 43,356 | \$ 52,872 | \$ 49,256 |
| Restricted | | --- | 410,743 | 517,547 | 575,496 | 596,197 | 672,957 | 614,314 | 576,434 | 664,543 | 795,173 |
| Committed | | --- | - | - | 99,272 | 254,907 | 304,536 | 333,041 | - | - | - |
| Assigned | | --- | 165,017 | 244,356 | 305,251 | 294,688 | 414,359 | 425,903 | 442,388 | 448,984 | 483,394 |
| Unassigned | | --- | 2,183,308 | 2,165,366 | 2,346,597 | 2,568,474 | 6,214,349 | 6,204,349 | 6,773,955 | 7,094,581 | 7,497,470 |
| Total General Fund | \$ | --- | \$ 2,775,802 | \$ 2,929,820 | \$ 3,344,908 | \$ 3,738,676 | \$ 7,636,421 | \$ 7,621,690 | \$ 7,836,133 | \$ 8,260,980 | \$ 8,825,293 |
| All Other Governmental Funds | | | | | | | | | | | |
| Fund Balance: | | | | | | | | | | | |
| Restricted | \$ | --- | \$ - | \$ - | \$ - | \$ - | \$ 8,000,759 | \$ 7,655,331 | \$ 7,097,730 | \$ 3,607 | \$ 1,117 |
| Committed | | --- | - | - | - | - | - | - | - | 7,030,291 | 6,642,311 |
| Assigned | | --- | 142,084 | 81,131 | 249,368 | 217,143 | 1,152,406 | 2,806,905 | 1,089,241 | 844,596 | 634,942 |
| Unassigned | | --- | - | - | - | - | - | - | - | - | - |
| Total All Other Governmental Funds | \$ | --- | \$ 142,084 | \$ 81,131 | \$ 249,368 | \$ 217,143 | \$ 9,153,165 | \$ 10,462,236 | \$ 8,186,971 | \$ 7,878,494 | \$ 7,278,370 |

Note:

--- = Not Applicable

GASB Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions is designed to better convey the limitations upon the fund balance of a governmental fund. Restatement of previous fund balances reported cannot be done with certainty, due to a lack of detailed records. Accordingly, the information above is presented in "Pre-GASB 54" and "Post-GASB 54" sections. As information becomes available, the Pre-GASB 54 section will be eliminated.

CITY OF CREEDMOOR, NORTH CAROLINA

Statutory Calculation of Fund Balance

Available for Appropriation, in Accordance with State Statute

Table 9

Fiscal Year Ended
6/30/2019

Calculation**Fund Balance Available for Appropriation - G.S. §159-8(a)**

| | Total |
|---|---------------------|
| Unrestricted Cash and Investments | \$ 8,236,747 |
| Restricted cash and investments (This would normally include Powell Bill, Bond Proceeds, consolidated funds such as capital reserve funds or tax revaluation funds) | 350,071 |
| Liabilities excluding those to be paid from restricted cash | 233,002 |
| Liabilities to be paid from restricted cash not included above | --- |
| Encumbrances at June 30 (listed in the notes)..... | 22,881 |
| Deferred or Unearned Revenues Arising from Cash Receipts | --- |
| Fund Balance Available for Appropriation | \$ 8,330,935 |

| | |
|--|-----------|
| Total Fund Balance (From Audited Financial Statements) | 8,825,293 |
|--|-----------|

| | |
|--|------------|
| Total Restricted by State Statute..... | \$ 494,358 |
|--|------------|

Restricted by State Statute Presented on Financial Statements

| | |
|--|-------------------|
| <u>Less</u> Non Spendable - Inventory | --- |
| Non Spendable - Prepaids | 49,256 |
| Other Non Spendable amounts | --- |
| Restricted - Stabilization by State Statute (LGC calculation) | \$ 445,102 |

| | |
|--|------------|
| Restricted - Stabilization by State Statute (From Audited Financial Statements) | \$ 445,102 |
|--|------------|

Analysis**Total****Expenditures - General Fund**

| | |
|--|---------------------|
| Total Expenditures - General Fund | \$ 3,587,780 |
| <u>Adjustments</u> | |
| Transfers Out | --- |
| Issuance of Capital Leases & Installment Purchases | --- |
| Total Expenditures (As Adjusted) | \$ 3,587,780 |

| | |
|--|------------------------|
| Fund Balance Available as % of Expenditures | <u>232.20 %</u> |
|--|------------------------|

CITY OF CREEDMOOR, NORTH CAROLINA

Fund Balance Available as a Percentage

of General Fund Annual Expenditures

Past 10 fiscal years, modified accrual basis of accounting

| | Fiscal Year | | | | | | | | | |
|-----|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|---------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| (1) | 71.26% | 74.88% | 69.87% | 83.99% | 92.47% | 179.77% | 174.64% | 201.66% | 213.98% | 232.20% |
| (2) | 67.39% | 69.30% | 69.14% | 71.30% | 72.50% | 73.14% | 72.91% | 75.93% | Not Available | Not Available |

(1) City of Creedmoor FBA%

(2) Latest group average for municipalities with populations
between, 2,500 and 9,999. 81.60%

The calculation presented on the facing page is to illustrate the calculation of Fund Balance Available as a Percentage of Expenditures (FBA%). This ratio is a common North Carolina benchmark for the strength of a local government's financial reserves. The schedule on the facing page is modified from a template available from the State and Local Government Finance Division of the NC Department of State Treasurer. Department staff review each audit and publish the FBA% for all North Carolina municipalities and counties annually. Thus, comparisons can be made to nearby local government units, as well as similar sized units across the State.

The FBA% is the ratio of year end fund balance, less receivables and other fund obligations, divided by annual General Fund spending, excluding debt supported expenditures. The percentage is sometimes explained as an indication of how long a local government might be able to function on reserves alone. I.E. a fund balance available percentage of 84% is roughly equal to ten months of spending. Again, that is a general analogy to gauge the amount of fund balance in the local government.

CITY OF CREEDMOOR, NORTH CAROLINA
Legal Debt Margin Information
Last Ten Fiscal Years

Table 10

| | Fiscal Year | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|---------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Debt Limit | \$ 20,290,019 | \$ 21,720,106 | \$ 21,765,730 | \$ 22,810,754 | \$ 23,751,989 | \$ 23,207,348 | \$ 23,735,194 | \$ 24,211,032 | \$ - | \$ 26,913,652 |
| Total debt applicable to limit | 637,580 | 6,254,777 | 5,723,097 | 5,622,981 | 5,519,864 | - | - | - | - | 0 |
| Legal debt margin | \$ 19,652,439 | \$ 15,465,329 | \$ 16,042,633 | \$ 17,187,773 | \$ 18,232,125 | \$ 23,207,348 | \$ 23,735,194 | \$ 24,211,032 | \$ - | \$ 26,913,652 |
| Total net debt applicable to the limit, as a percentage of the total debt limit. | 3.14% | 28.80% | 26.29% | 24.65% | 23.24% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |

| | |
|--|----------------------|
| Assessed Value --- June 30, 2018 | \$336,420,651 |
| Debt Limit --- 8 percent of total assessed value | 26,913,652 |
| Total Debt Applicable to Limitation: Bonded Debt Outstanding: | <u>-</u> |
| Total Debt Applicable to Limitation | <u>-</u> |
| Legal Debt Margin | <u>\$ 26,913,652</u> |

Note:
Under North Carolina General Statutes, the legal debt limit should not exceed
8% of the total assessed property value.

CITY OF CREEDMOOR, NORTH CAROLINA
Ratio of Net Bonded Debt to
Assessed Value and Governmental Bonded Debt per Capita
Last Ten Fiscal Years

Table 11

| Fiscal Year | Governmental Activities | | Business-Type Activities | | | | Total Primary Government | Debt as a Percentage of Assessed Valuation | Assessed Valuation | Governmental Activities | | (1) Per Capita Income | Debt, as a percentage of estimated personal income |
|-------------|-------------------------|--------------------------|--------------------------|----------------------------|----------------|-----------------|--------------------------|--|--------------------|-------------------------|-----------|-----------------------|--|
| | Installment Purchases | General Obligation Bonds | Installment Purchases * | Revenue Bond Anticip. Note | Revenue Bond * | Debt per Capita | | | | Population | | | |
| | | | | | | | | | | | | | |
| 2019 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 0.00% | \$ 336,420,651 | \$ - | 4,576 | (2) | 0.00% | |
| 2018 | - | - | - | - | - | - | 0.00% | 312,606,457 | - | 4,518 | (2) | 0.00% | |
| 2017 | - | - | - | - | - | - | 0.00% | 302,637,895 | - | 4,498 | 29,096 | 0.00% | |
| 2016 | - | - | - | - | - | - | 0.00% | 296,689,924 | - | 4,425 | 25,204 | 0.00% | |
| 2015 | - | - | - | - | - | - | 0.00% | 290,091,850 | - | 4,325 | 23,933 | 0.00% | |
| 2014 | - | - | 673,864 | - | 4,846,000 | 5,519,864 | 0.00% | 296,899,857 | - | 4,289 | 20,399 | 0.00% | |
| 2013 | - | - | 715,981 | - | 4,907,000 | 5,622,981 | 0.00% | 285,134,429 | - | 4,223 | 22,295 | 0.00% | |
| 2012 | - | - | 758,214 | 4,965,000 | - | 5,723,214 | 0.00% | 272,071,628 | - | 4,168 | 22,144 | 0.00% | |
| 2011 | 337,182 | 135,000 | 814,464 | 4,965,000 | - | 6,251,646 | 0.12% | 271,501,322 | 81.76 | 4,124 | 22,387 | 0.37% | |
| 2010 | \$ 429,080 | \$ 208,500 | \$ 28,500 | \$ - | \$ - | \$ 666,080 | 0.17% | \$ 253,625,239 | \$ 130 | 3,296 | \$ 21,733 | 0.60% | |

Note:

The ratios above are based on the debt of the Governmental Activities. This is debt which will be repaid with general government resources. These ratios measure proportionate amounts of debt to be repaid through property taxes.

Business-Type debt will be repaid through user charges in the Water and Sewer Funds.

Certain installment purchase amounts have been reclassified for consistency.

All income information is for Granville County as a whole.

No Creedmoor specific information is available at this time.

(1) Information from American Fact Finder, on the US Census web site.

(2) Information not available

During Fiscal Year 2012, the City of Creedmoor made advance payments to repay the installment purchase note for City Hall and to repay the Sewer General Obligations Bonds.

* = During Fiscal Year 2015, the City sold its water and sewer utility system to the South Granville Water and Sewer Authority (SGWASA). The debt was repaid by SGWASA as part of the negotiated sale. By the terms of the sale, SGWASA assumed responsibility for the debt service in terms similar to that held by the City.

CITY OF CREEDMOOR
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

Table 12

| Governmental Unit | General Obligation Debt Outstanding (1) | Estimated Percentage Applicable to the City (2) | Estimated Share of Overlapping Debt |
|--|--|---|--|
| Debt repaid with property taxes, Granville County | \$ 54,972,000 | 6.93% | \$ 3,809,560 |
| Subtotal, overlapping debt portion | | | 3,809,560 |
| City of Creedmoor direct debt (3) | | | --- |
| Total, direct and overlapping debt | | | \$ 3,809,560 |

| Prior Years Fiscal Years Ending June 30 | Percentage Reported | Creedmoor Debt | Estimated Share of Overlapping Debt |
|--|---------------------|----------------|--|
| 2018 | 6.79% | \$ - | \$ 1,591,386 |
| 2017 | 6.73% | - | 1,771,668 |
| 2016 | 6.46% | - | 1,905,312 |
| 2015 | 6.76% | - | 2,195,986 |
| 2014 | 6.91% | - | 2,465,143 |
| 2013 | 6.99% | - | 2,717,712 |
| 2012 | 6.81% | - | 2,920,469 |
| 2011 | 7.72% | 337,182 | 3,896,874 |
| 2010 | 6.91% | 429,080 | 3,800,815 |

Notes:

- (1) Source, Granville County Auditors
- (2) The percentage of overlapping debt applicable to the city is estimated using assessed property values.
The applicable percentage represents the city's total assessed value divided by Granville County's total assessed value.
- (3) During Fiscal Year 2012, Creedmoor retired the installment purchase debt for the City Hall approximately 3 years early, at an approximate savings of \$22,800.

CITY OF CREEDMOOR
Demographic Statistics
Last Ten Fiscal Years

Table 13

| Fiscal Year | Population | (1) Personal Income (thousands of dollars) | (4) Creedmoor Personal Income, Imputed | As a % of County Personal Income | (1) Per Capita Income | (2) Unemployment Rate, as a percentage |
|-------------|------------|--|--|--|-----------------------------|--|
| 2019 | 4,576 | (3) | (3) | 0.001 | (3) | 3.9% |
| 2018 | 4,518 | (3) | (3) | 0.00% | (3) | 3.2% |
| 2017 | 4,498 | \$ 2,199,088 | \$ 166,084,152 | 7.55% | \$ 36,924 | 3.6% |
| 2016 | 4,425 | 2,075,434 | 155,574,150 | 7.50% | 35,158 | 4.5% |
| 2015 | 4,325 | 1,990,171 | 146,699,675 | 7.37% | 33,919 | 5.5% |
| 2014 | 4,289 | 1,937,716 | 142,025,946 | 7.33% | 33,114 | 6.8% |
| 2013 | 4,223 | 1,869,868 | 135,503,401 | 7.25% | 32,087 | 9.4% |
| 2012 | 4,168 | 1,849,793 | 137,364,776 | 7.43% | 32,957 | 10.1% |
| 2011 | 4,124 | 1,753,471 | 125,299,492 | 7.15% | 30,383 | 10.5% |
| 2010 | 3,296 | \$ 1,681,830 | \$ 90,930,048 | 5.41% | \$ 27,588 | 10.8% |

Notes:

All income and unemployment information is for Granville County as a whole. No City specific information is available at this time.

(1) Information from federal Bureau of Economic Analysis

(2) Information from the NC Department of Commerce, Division of Employment Security

(3) Information not available

(4) Personal income for the City of Creedmoor is not available on the Bureau of Economic Analysis web site.
This column, and the corresponding percentage, is estimated by multiplying the municipal population
by the per capita income amount.

CITY OF CREEDMOOR
Principal Taxpayers
for the year ended June 30, 2019

| | | 2019 | | | 2010 | | |
|--|---------------------|------------------------------|-----------|------|------------------------------|-----------|------|
| Table 14 | | Percentage of | | | Percentage of | | |
| | | Total Assessed | | | Total Assessed | | |
| Taxpayer (1) | Type of Enterprise | Assessed Valuation | Valuation | Rank | Assessed Valuation | Valuation | Rank |
| Creedmoor Crossings LLC | Real Estate | \$ 5,182,070 | 1.54% | 1 | \$ 3,798,670 | 1.50% | 3 |
| PC Highland LLC | Real Estate | 4,892,527 | 1.45% | 2 | --- | --- | --- |
| Time Warner Cable Southeast LLC | Telecommunications | 3,027,727 | 0.90% | 3 | 3,212,929 | 1.27% | 5 |
| Duke Energy Carolinas LLC | Energy | 2,900,995 | 0.86% | 4 | 3,805,663 | 1.50% | 2 |
| TRM Warehouse Group LLC | Warehouse | 2,072,601 | 0.62% | 5 | --- | --- | --- |
| Linda Vista Farms Assoc Inc (Walgreens) | Retail | 1,838,255 | 0.55% | 6 | --- | --- | --- |
| Driftwood Apartments, LLC | Real Estate | 1,711,870 | 0.51% | 7 | --- | --- | --- |
| TAU NC1 LP (CVS) | Retail | 1,329,747 | 0.40% | 8 | --- | --- | --- |
| Public Service Co of NC Inc. | Energy | 1,231,591 | 0.37% | 9 | --- | --- | --- |
| Frontier Communications of the Carolinas | Telecommunications | 1,195,393 | 0.36% | 10 | --- | --- | --- |
| Watson Martin Properties, LLC | Real Estate | --- | --- | | 4,521,375 | 1.78% | 1 |
| Verizon South, Inc. | Telecommunications | --- | --- | | 3,545,263 | 1.40% | 4 |
| St. Lawrence Homes | Builder | --- | --- | | 1,765,912 | 0.70% | 6 |
| Creedmoor Business Park LLC (2) | Real Estate | --- | --- | | 1,330,454 | 0.52% | 7 |
| Baymor Associates (2) | Real Estate | --- | --- | | 1,244,978 | 0.49% | 8 |
| Wake Electric Membership Corp. | Energy | --- | --- | | 1,141,443 | 0.45% | 9 |
| Creedmoor Fuel Service, Inc. | Motor Vehicle Fuels | --- | --- | | 1,097,477 | 0.43% | 10 |
| Total, Top 10 taxpayers | | <u>\$ 25,382,776</u> | 7.54% | | <u>\$ 25,464,164</u> | 10.04% | |
| Total Assessed Value | | <u><u>\$ 336,420,651</u></u> | | | <u><u>\$ 253,625,239</u></u> | | |

Notes:

(1) Data obtained from the Granville County Tax Department, unless otherwise noted.

(2) Data from review of Granville County GIS System.

CITY OF CREEDMOOR
Principal Employers
Current Year and Earliest Available Information

| Table 15 Employer | 2019 | | | 2010 | | |
|---|---------------------------|---|------|---------------------------|---|------|
| | Reported Employees (1) | Percentage of Total Area Employment | Rank | Reported Employees (1) | Percentage of Total Area Employment | Rank |
| RHA Group Homes | 110 | 4.67% | 1 | 90 | 1.99% | 2 |
| Granville County Board of Education* | 108 | 4.59% | 2 | 165 | 3.64% | 1 |
| City of Creedmoor ** | 39 | 1.66% | 3 | 31 | 0.68% | 4 |
| Learning Services | 25 | 1.06% | 4 | 31 | 0.68% | 4 |
| First Baptist Academy | 24 | 1.02% | 5 | --- | --- | --- |
| VanNess Chevrolet (Formerly Ellington-Brim Chevrolet) | 24 | 1.02% | 5 | 16 | 0.35% | 7 |
| Christian Faith Center | 20 | 0.85% | 7 | --- | --- | --- |
| Food Lion | 19 | 0.81% | 8 | 60 | 1.33% | 3 |
| Builder Services | 17 | 0.72% | 9 | --- | --- | --- |
| Creedmoor Fuel Service | 15 | 0.64% | 10 | 14 | 0.31% | 8 |
| CVS Drug Store | 7 | 0.30% | --- | 12 | 0.27% | 10 |
| US Post Office, Creedmoor Branch | 7 | 0.30% | --- | 14 | 0.31% | 8 |
| Southern States | 5 | 0.21% | --- | 18 | 0.40% | 6 |
| Total Employees | 420 | 13.17% | | 361 | 7.97% | |
| Total estimated area employees (2) | 2,354 | | | 4,528 | | |

Notes:

* Includes Creedmoor Elementary & South Granville High School. GC BOE moved out of Administrative Building on Park Ave in FY 2019.

** Only regularly employed staff included. See Table 17 for more detailed employment information.

--- Information not available or not applicable

(1) Information obtained from survey calls to area businesses. Number of Full Time employees requested. If employer is unresponsive prior year information is used unless known major changes exist.

(2) Information provided through US Census Bureau web site. From the 2010 Census, information is available and identified as "Creedmoor city, North Carolina" in the Census web pages. Most recent labor force statistic available on Census website from 2016 used for estimated area employees.

CITY OF CREEDMOOR, NORTH CAROLINA
Relative Cost of Governmental Activities
aka, "How \$1.00 of Ad Valorem Tax is Spent"

Table 16

| | Fiscal Year | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
| Expenditures | | | | | | | | | | |
| General Administration | \$ 0.326 | \$ 0.315 | \$ 0.319 | \$ 0.406 | \$ 0.386 | \$ 0.305 | \$ 0.330 | \$ 0.315 | \$ 0.332 | \$ 0.446 |
| Public Safety | 0.454 | 0.473 | \$ 0.514 | 0.537 | 0.497 | 0.477 | 0.516 | 0.459 | 0.461 | 0.59 |
| <i>Police and Fire Protection Contract</i> | | | | | | | | | | |
| Transportation | 0.174 | 0.160 | √ \$ 0.118 | + | 0.061 | 0.095 | 0.160 | 0.148 | 0.152 | (0.10) |
| <i>Street Maintenance</i> | | | | | | | | | | |
| Professional Services and Governing | | | | | | | | | | |
| Body | 0.034 | 0.030 | \$ 0.046 | 0.048 | 0.049 | 0.049 | 0.057 | 0.053 | 0.056 | 0.06 |
| Debt Service | 0.011 | 0.015 | - | - | - | - | - | - | - | - |
| Economic Development | 0.010 | 0.007 | \$\$ | 0.009 | 0.003 | 0.003 | (0.020) | 0.004 | 0.005 | 0.00 |
| Parks and Recreation | # | # | # | + | 0.003 | 0.066 | (0.040) | 0.021 | (0.004) | 0.00 |
| Environmental Protection | na | na | na | na | na | 0.005 | (0.002) | (0.001) | (0.001) | 0.00 |
| | \$ 1.00 | \$ 1.00 | 1.00 | \$ 1.00 | \$ 1.00 | \$ 1.00 | \$ 1.00 | \$ 1.00 | \$ 1.00 | \$ 1.00 |

Note: Some amounts may have been rounded for presentation purposes

\$\$ = Expenses incurred, but registered below 1/10th of 1%.

= Parks and Recreation was supported by donations and rental fees from cellular telephone providers.

The City has leased antenna space on its water towers to three cell phone service providers.

An expanded Parks and Recreation department began operations in FY13, supported in part by tax revenue.

√ = Previously, stormwater treatment was a minor part of Transportation. A separate department was maintained during FY11. Subsequently, the Stormwater Management Fund, an enterprise fund, was established to account for stormwater control efforts.

No stormwater management expenses are included in this line, from FY12, onward.

+= Sufficient charges for service and/or grants received to make the function self-supporting for the year.

For Fiscal Years 2013 to 2019, the City had no Governmental Activity Debt.

na = Program not yet established, or not applicable in some fashion

CITY OF CREEDMOOR
City Employee Statistics
as of Fiscal Year End

Table 17

| Fiscal Year | Administrative Team (1) | City Clerk (2) | Police | Maintenance | Inspections | Planning | Business Dev./ Transportation | Finance | Recreation | Total per Fiscal Year |
|-------------|-------------------------|----------------|--------|-------------|-------------|----------|-------------------------------|---------|------------|-----------------------|
| 2019 | 4.00 | 1.00 | 18.00 | 5.00 | - | 2.50 | - | 2.00 | 1.00 | 33.50 |
| 2018 | 3.75 | 1.00 | 19.00 | 5.00 | 2.00 | 3.00 | - | 2.00 | 1.00 | 36.75 |
| 2017 | 3.75 | 1.00 | 19.00 | 5.00 | 2.00 | 2.00 | - | 2.00 | 1.00 | 35.75 |
| 2016 | 3.75 | 1.00 | 19.00 | 4.00 | 2.00 | 2.00 | - | 2.00 | 1.00 | 34.75 |
| 2015 | 3.75 | 1.00 | 19.00 | 4.00 | 1.75 | 2.00 | 1.00 | 2.00 | 1.00 | 35.50 |
| 2014 | 2.50 | 1.00 | 18.00 | 5.00 | 1.75 | 2.30 | 1.00 | 3.75 | 1.00 | 36.30 |
| 2013 | 3.00 | - | 17.00 | 6.00 | 1.00 | 4.00 | 1.00 | 3.75 | - | 35.75 |
| 2012 | 3.00 | - | 17.00 | 5.00 | 1.00 | 4.00 | 1.00 | 3.75 | - | 34.75 |
| 2011 | 3.00 | - | 17.00 | 5.00 | 1.00 | 3.20 | 1.00 | 3.75 | - | 33.95 |
| 2010 | 2.00 | - | 17.00 | 5.00 | 1.00 | 1.00 | 1.00 | 3.75 | - | 30.75 |

Notes:

(1) The "Administrative Team" includes the City Manager, the Assistant City Manager and the Administrative Services Dept. staff.

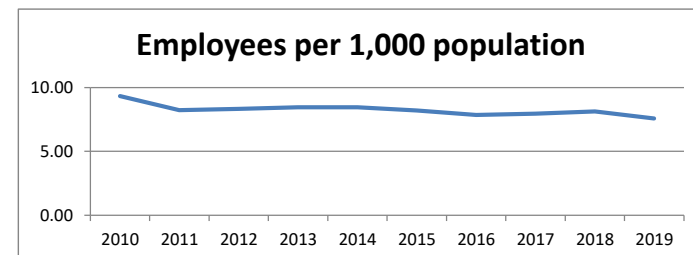
(2) In Fiscal Years 2010 through 2013, the City Clerk duties were fulfilled by a member of the Administrative Services Dept. or the Finance Dept.

Employees included on this chart are regularly employed by the City, unless otherwise noted.
"Regularly employeeed" in this context means working more than 1,000 hours per year for the City.

Recreation staffing is provided through part-time staff and seasonal labor provided through a staffing agency.
With seasonal demand and participation variations, no FTE amount is a better estimate than another.
A full time position was included in Fiscal Year 2014.

No reliable information is available for prior years. This information will be maintained and used for service effort and accomplishment purposes in the future. This measurement is intended as an "internal" measurement. Because different municipalities may have different staffing needs, comparisons to other municipalities have limited benefits.

| Estimated Population For Fiscal Year | Employees per 1,000 population | |
|--------------------------------------|--------------------------------|------|
| 2010 | 3,296 | 9.33 |
| 2011 | 4,124 | 8.23 |
| 2012 | 4,168 | 8.34 |
| 2013 | 4,223 | 8.47 |
| 2014 | 4,289 | 8.46 |
| 2015 | 4,325 | 8.21 |
| 2016 | 4,425 | 7.85 |
| 2017 | 4,498 | 7.95 |
| 2018 | 4,518 | 8.13 |
| 2019 | 4,576 | 7.59 |



CITY OF CREEDMOOR, NORTH CAROLINA
Capital Asset Statistics by Function
Last Ten Fiscal Years

Table 18

| | Fiscal Year | | | | | | | | | |
|-------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Administrative (1) | | | | | | | | | | |
| City Hall | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Public Safety (1) | | | | | | | | | | |
| Police stations | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Police vehicles (3) | <i>11</i> | <i>11</i> | <i>11</i> | <i>13</i> | <i>13</i> | <i>13</i> | <i>13</i> | <i>13</i> | <i>13</i> | <i>13</i> |
| Fire Stations (2) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Transportation | | | | | | | | | | |
| Street mileage | 17.03 | 17.12 | 16.64 | 16.62 | 17.88 | 17.84 | 17.84 | 17.84 | 17.95 | 17.95 |
| Other City vehicles | --- | --- | --- | --- | --- | 10 | 10 | 10 | 10 | 9 |
| Culture and Recreation | | | | | | | | | | |
| Parks | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Ball fields | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | - |
| Community center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - |
| Community gym | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - |
| Cross-City Trails mileage | NA | NA | NA | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 | 1.2 |
| Hiking Trails mileage | NA | NA | NA | NA | NA | NA | 1.1 | 1.1 | 1.1 | 1.1 |
| Public Utilities (4) | | | | | | | | | | |
| Water | 1 | 1 | 1 | 1 | 1 | | | | | |
| Water line mileage | NA | NA | 41.0 | 41.0 | 41.0 | | | | | |
| Sewer | 1 | 1 | 1 | 1 | 1 | | | | | |
| Sewer line mileage | NA | NA | 43.5 | 44.1 | 44.1 | | | | | |

Notes:

NA = Not Available

--- = Information to be Presented Prospectively

- (1) The Police Department and City Administration staff (City Manager, Finance, HR, City Clerk, etc.) have shared space in City Hall. This is best represented by showing one half of the building as designated for the respective functions.
- (2) Years in italics indicate years with vehicle(s) on loan from Law Enforcement Support
- (3) The Fire Station is the property of the Creedmoor Volunteer Fire Department. Because the City provides significant funding for the Department, it is included here to provide a more complete picture of public safety in Creedmoor.
- (4) As a part of the construction of the Creedmoor community Center, the ballfields are being repurposed into a single multi-purpose field as of the end of Fiscal Year 2019.
- (5) The Gym and Senior Center were closed for renovation & new construction as of the end of Fiscal Year 2019. Will include again once the project is complete and buildings reopen for business.
- (5) The Cross City Trails are those additions installed as part of a multi-phase plan. This does not include pre-existing downtown sidewalks. This data is intended to help show Creedmoor's growing commitment to recreation opportunities.
- (4) Assets of the Water and Sewer Funds were sold to the South Granville Water and Sewer Authority in March 2015. This section will be deleted in future years.

TOWN OF CREEDMOOR, NORTH CAROLINA
Operating Indicators by Function
Last Ten Fiscal Years

Table 19

| | Fiscal Year | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Finance Department | | | | | | | | | | |
| Audited Financial Stmts. delivered to NC Local Govt. Commission. | 12/2/10 | 11/8/11 | 10/31/12 | 10/31/13 | 12/8/14 | 11/25/15 | 12/22/16 | 11/29/17 | 11/28/18 | 11/8/2019 |
| Due Oct. 31st each year (4) | 10/31/10 | 10/31/11 | 10/31/12 | 10/31/13 | 10/31/14 | 10/31/15 | 10/31/16 | 10/31/17 | 10/31/18 | 10/31/2019 |
| Days (Early)/Past Due Date | 32 | 8 | 0 | 0 | 38 | 25 | 52 | 29 | 28 | (344) |
| CAFR delivered to GFOA | 12/29/10 | 12/23/11 | 12/21/12 | 11/15/13 | 12/22/14 | 12/21/15 | 12/30/16 | 12/15/17 | 12/28/18 | 12/20/2019 |
| Due 12/31 for NC governments | 12/31/10 | 12/31/11 | 12/31/12 | 12/31/13 | 12/31/14 | 12/31/15 | 12/31/16 | 12/31/17 | 12/31/18 | 12/31/19 |
| Days (Early)/Past Due Date | (2) | (8) | (10) | (46) | (9) | (10) | (1) | (16) | (3) | 0 |
| Debt Set Off (Collection Efforts) | | | | | | | | | | |
| Total Debt Submitted | \$ 34,245 | \$ 44,580 | \$ 35,729 | \$ 42,649 | \$ 52,925 | \$ 46,002 | \$ 38,822 | \$ 33,408 | \$ 31,783 | \$ 33,807 |
| Successful Collections | 26 | 42 | 26 | 26 | 32 | 11 | 17 | 14 | 9 | 4 |
| Amount Received | \$ 2,804 | \$ 7,058 | \$ 4,367 | \$ 4,865 | \$ 4,284 | \$ 1,927 | \$ 2,046 | \$ 1,469 | \$ 1,431 | \$ 686 |
| % of submitted | 8.19% | 15.83% | 12.22% | 11.41% | 8.09% | 4.19% | 5.27% | 4.40% | 4.50% | 2.03% |
| Average per Collection | \$ 107.84 | \$ 168.05 | \$ 167.96 | \$ 187.12 | \$ 133.88 | \$ 175.20 | \$ 120.36 | \$ 104.91 | \$ 159.00 | \$ 171.41 |
| Planning, Zoning, and Inspections | | | | | | | | | | |
| Permits Issued (1) | | | | | | | | | | |
| Residential Zoning Permits | 22 | 37 | 29 | 27 | 32 | 72 | 89 | 57 | 29 | 74 |
| Residential Construction Permits | 203 | 250 | 294 | 278 | 221 | 366 | 360 | 317 | 21 | N/A |
| Commercial Zoning Permits | 7 | 13 | 9 | 6 | 14 | 16 | 18 | 20 | 11 | 23 |
| Commercial Construction Permits | 35 | 48 | 57 | 62 | 77 | 54 | 60 | 61 | 1 | N/A |
| Builders' Est. Cost-Residential | \$ 2,106,285 | \$ 2,126,225 | \$ 2,339,162 | \$ 2,808,993 | \$ 1,457,695 | \$ 5,229,876 | \$ 6,837,022 | \$ 3,604,317 | \$ 1,903,220 | N/A |
| Builders' Est. Cost-Commercial | \$ 499,430 | \$ 176,230 | \$ 776,215 | \$ 265,058 | \$ 3,993,226 | \$ 1,422,521 | \$ 2,304,229 | \$ 260,404 | \$ 8,500 | N/A |
| Permit Revenue | \$ 34,194 | \$ 41,470 | \$ 49,892 | \$ 52,022 | \$ 73,319 | \$ 91,841 | \$ 99,076 | \$ 58,276 | \$ 79,560 | \$ 5,240 |
| Police Department (2) | | | | | | | | | | |
| Total calls to Police Dept. | 9,731 | 9,639 | 6,600 | 6,574 | 5,961 | 11,489 | 17,036 | 22,288 | 21,588 | 24,407 |
| Calls generating open cases | 419 | 333 | 298 | 327 | 347 | 377 | 369 | 505 | 398 | 450 |
| Cases Closed or Determined Unfounded | 283 | 221 | 215 | 230 | 231 | 268 | 231 | 339 | 254 | 353 |
| Percent of cases closed | 67.5% | 66.4% | 72.1% | 70.3% | 66.6% | 71.1% | 62.6% | 67.1% | 63.8% | 78.4% |
| Patrol miles driven | 96,787 | 93,519 | 118,908 | 125,108 | 81,113 | 130,187 | 126,295 | 129,754 | 135,339 | 157,423 |
| Solid Waste and Recycling Efforts (3) | | | | | | | | | | |
| (Tons collected) | | | | | | | | | | |
| Municipal Solid Waste | NA | NA | NA | 1,317.68 | 1,305.05 | 1,291.02 | 1,318.28 | 1,329.20 | 1,299.26 | 1,276.13 |
| Residential Recycling (tons) | | | | | | | | | | |
| Plastic | NA | 3.55 | 6.97 | 18.77 | 16.68 | 17.10 | 22.93 | 23.95 | 24.52 | 21.94 |
| Paper | NA | 23.65 | 46.44 | 125.12 | 111.22 | 114.08 | 152.87 | 159.63 | 163.43 | 146.28 |
| Glass | NA | 7.88 | 15.48 | 41.72 | 37.07 | 38.03 | 50.96 | 53.21 | 54.48 | 48.76 |
| Aluminum | NA | 2.37 | 4.64 | 12.50 | 11.12 | 11.40 | 15.29 | 15.96 | 16.34 | 14.63 |
| Metal Cans | NA | 1.97 | 3.87 | 10.44 | 9.27 | 9.50 | 12.74 | 13.30 | 13.62 | 12.19 |
| Total Recycle Tonnage | NA | 39.42 | 77.40 | 208.55 | 185.36 | 190.11 | 254.79 | 266.05 | 272.39 | 243.8 |
| Administrative Services | | | | | | | | | | |
| Web Site Development/Management (2) | | | | | | | | | | |
| Users | NA | NA | NA | 9,801 | 23,329 | 27,255 | 31,699 | 45,105 | 42,568 | 40,652 |
| New Visitors (As a % of all users) | NA | NA | NA | 50.30% | 44.20% | 44.30% | 46.30% | 66.60% | 83.40% | 83.20% |
| Page Views | NA | NA | NA | 89,118 | 182,909 | 176,811 | 222,316 | 187,248 | 178,150 | 158,265 |

Notes:

As disclosed in the Letter of Transmittal and throughout the document, this is the City's tenth (10th) CAFR. Prior administrations and management did not put emphasis on recordkeeping and tracking performance measures. Information and performance measures are being developed and implemented to provide more clarity on the City's financial condition and the performance of key operating activities.

- (1) Solid waste and recycling services provided by Waste Industries, Inc., on a contract basis. Recycling breakdown based on percentages from prior years. Waste Industries does not track the individual types of recycling materials any longer.
- (2) Redesigned web site went live in January 2013. A smaller scale redesign went live in late Fiscal Year 2018.
- (3) While the stated due date for audit report is October 31st, the NC Department of the State Treasurer issues a "grace period". Unless otherwise noted above the audit was submitted within the grace period.
- (4) Granville County assumed Building Inspection operations for the city beginning in Fiscal Year 2019.

City of Creedmoor North Carolina

COMPLIANCE SECTION

This section includes information relating to federal and state financial assistance, in conformity with the provisions of *Government Auditing Standards*, published by the General Accounting Office. Included herein are a schedule of federal and state assistance and the auditor's report on the internal control structure and compliance with applicable laws and regulations.

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



America Counts on CPAs

Gary L. Williams, CPA
Carleen P. Evans, CPA
Jennifer T. Reese, CPA
Tara H. Roberson, CPA

Curtis G. Van Horne, CPA

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 Board of Commissioners
City of Creedmoor, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Creedmoor, North Carolina, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprises the City of Creedmoor's basic financial statements, and have issued our report thereon dated November 8, 2019.

Internal Control Over Financial Reporting

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

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Compliance and Other Matters

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

Purpose of this Report

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

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Certified Public Accountants
Oxford, North Carolina
November 8, 2019

**CITY OF CREEDMOOR, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019**

B - Financial Statement Findings

No findings for the year ended June 30, 2019

**CITY OF CREEDMOOR, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Prior Year Audit Findings:

Financial Statement Findings

None reported