

Town of Creswell
FINANCIAL STATEMENTS

June 30, 2019

Town Board

Edwin Blount, Mayor

Joel Harris
Ronald Ambrose

Brenda Logan
Syble Spruill

Town Clerk

Penny Chapman



**Cumbee, Taylor
& Shook, PA**
CPAs and Advisors

**Town of Creswell
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June 30, 2019**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 4 – 11 and 39 – 40 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.

Other Information

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

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

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Creswell, North Carolina
Page 3

Cumbee, Taylor & Shook, PA

Cumbee, Taylor & Shook, PA

Williamston, North Carolina
February 1, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

Town of Creswell Management's Discussion and Analysis

As management of the Town of Creswell, we offer readers of the Town of Creswell's financial statements this narrative overview and analysis of the financial activities of the Town of Creswell 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 Town's financial statements, which follow this narrative.

Financial Highlights

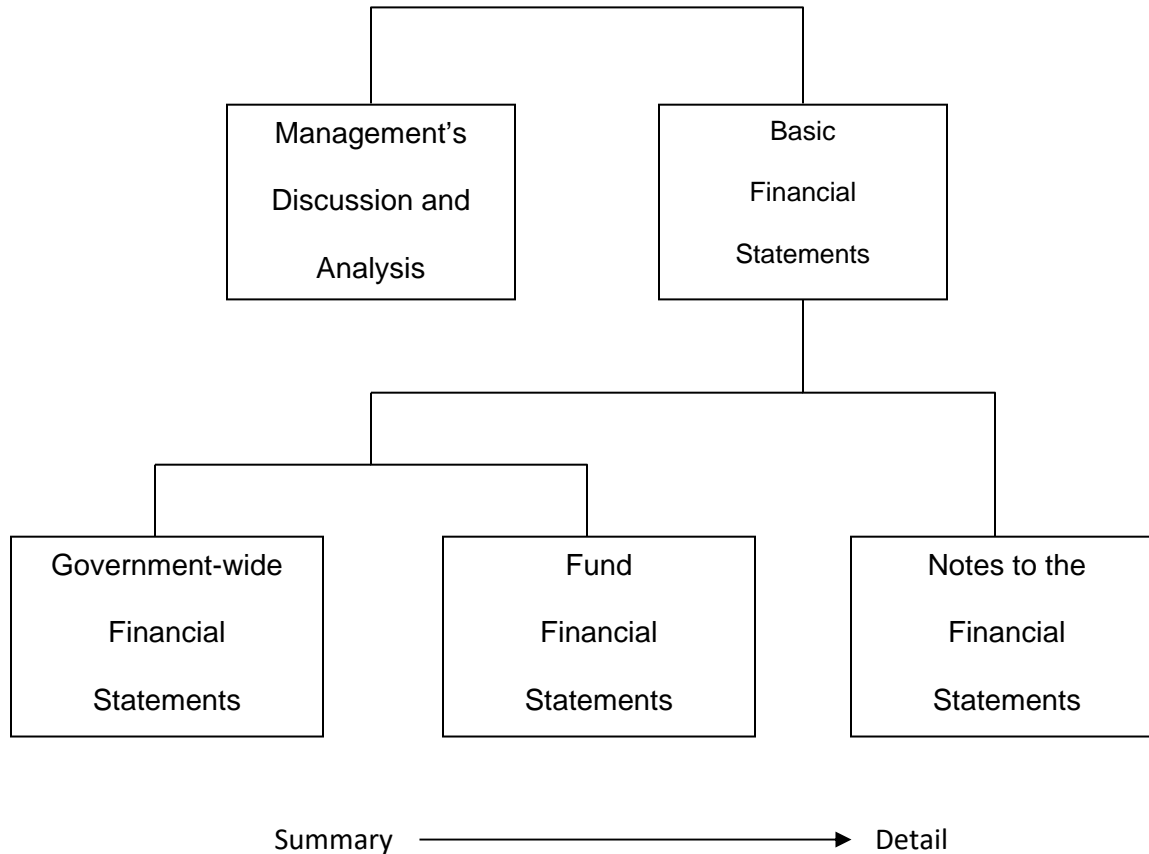
- The assets and deferred outflows of resources of the Town of Creswell exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,511,337 (*net position*).
- The government's total net position decreased by \$104,563 before prior period adjustment of \$9,978 primarily due to decreases in the governmental activities net position.
- As of the close of the current fiscal year, the Town of Creswell's governmental fund (the General Fund) reported an ending fund balance of \$430,294 with a net decrease of \$271,925 in fund balance. Approximately 22.53 percent of this total amount, or \$96,949, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$333,345 or 240.47 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Town of Creswell Management's Discussion and Analysis

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental fund 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 Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Town of Creswell

Management's Discussion and Analysis

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Town of Creswell Management's Discussion and Analysis

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

Proprietary Funds – Town of Creswell 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. Town of Creswell uses an enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Creswell's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 39 of this report.

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

**Town of Creswell
Management's Discussion and Analysis**

Government-Wide Financial Analysis

**Town of Creswell's Net Position
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 436,382	\$ 718,857	\$ 214,328	\$ (158,090)	\$ 650,710	\$ 560,767
Capital assets	69,787	79,568	4,823,187	5,005,531	4,892,974	5,085,099
Deferred outflows of resources	5,157	2,756	32,132	21,624	37,289	24,380
Total assets and deferred outflows of resources	511,326	801,181	5,069,647	4,869,065	5,580,973	5,670,246
Long-term liabilities outstanding	7,218	4,013	44,974	31,466	52,192	35,479
Other liabilities	3,359	3,173	9,608	21,712	12,967	24,885
Deferred inflows of resources	619	1,116	3,858	2,844	4,477	3,960
Total liabilities and deferred inflows of resources	11,196	8,302	58,440	56,022	69,636	64,324
Net position:						
Net investment in capital assets	69,787	79,568	4,823,187	5,005,531	4,892,974	5,085,099
Restricted	96,949	411,815	-	-	96,949	411,815
Unrestricted	333,394	301,496	188,020	(192,488)	521,414	109,008
Total net position	\$ 500,130	\$ 792,879	\$ 5,011,207	\$ 4,813,043	\$ 5,511,337	\$ 5,605,922

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Creswell exceeded liabilities and deferred inflows of resources by \$5,511,337 as of June 30, 2019. The Town's net position decreased by \$104,563 before prior period adjustment of \$9,978 for the fiscal year ended June 30, 2019. However, the largest portion (88.8%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Creswell uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Creswell's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Creswell's net position, \$96,949, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$521,414 is unrestricted.

Town of Creswell Management's Discussion and Analysis

Town of Creswell's Change in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 337,926	\$ 270,170	\$ 337,926	\$ 270,170
Operating grants and contributions	8,628	8,806	-	-	8,628	8,806
Capital grants and contributions	-	9,201	-	-	-	9,201
General revenues:						
Property taxes	99,241	97,398	-	-	99,241	97,398
Grants and contributions not restricted to specific programs	69,767	72,548	-	-	69,767	72,548
Other	2,670	2,114	595	464	3,265	2,578
Total revenues	180,306	190,067	338,521	270,634	518,827	460,701
Expenses:						
General government	121,740	132,608	-	-	121,740	132,608
Public safety	25,000	5,000	-	-	25,000	5,000
Transportation	1,606	38,687	-	-	1,606	38,687
Environmental protection	595	9,422	-	-	595	9,422
Water and Sewer	-	-	474,449	510,746	474,449	510,746
Total expenses	148,941	185,717	474,449	510,746	623,390	696,463
Increase (decrease) in net position before transfers	31,365	4,350	(135,928)	(240,112)	(104,563)	(235,762)
Transfers	(324,114)	-	324,114	-	-	-
Increase (decrease) in net position	(292,749)	4,350	188,186	(240,112)	(104,563)	(235,762)
Net position, July 1, as previously reported	792,879	788,529	4,813,043	5,053,155	5,605,922	5,841,684
Prior period adjustment	-	-	9,978	-	9,978	-
Net position, July 1, as restated	792,879	788,529	4,823,021	5,053,155	5,615,900	5,841,684
Net position, June 30	\$ 500,130	\$ 792,879	\$ 5,011,207	\$ 4,813,043	\$ 5,511,337	\$ 5,605,922

Governmental activities. Governmental activities decreased the Town's net position by \$292,749 primarily due to the write-off of the amount owed to the General Fund by the Electric Fund.

Business-type activities: Business-type activities increased the Town of Creswell's net position by \$188,186 (before prior period adjustment of \$9,978), primarily as a result of increase in water and sewer rates and the write-off of the amount owed to the General Fund by the Electric Fund.

Financial Analysis of the Town's Funds

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

Town of Creswell Management's Discussion and Analysis

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

The general fund is the chief operating fund of the Town of Creswell. At the end of the current fiscal year, Town of Creswell's fund balance available in the General Fund was \$405,280, while total fund balance reached \$430,294.

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

Proprietary Funds. The Town of Creswell's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$188,020. The total increase in net position was \$188,186 before prior period adjustment of \$9,978. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Creswell's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Creswell's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$4,892,974 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, and vehicles. There were no additions or disposition of capital assets during the June 30, 2019 fiscal year.

**Town of Creswell's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 17,249	\$ 17,249	\$ -	\$ -	\$ 17,249	\$ 17,249
Buildings	21,650	23,270	35,218	42,329	56,868	65,599
Plant and distribution system	-	-	4,781,041	4,954,774	4,781,041	4,954,774
Other improvements	8,506	12,618	-	-	8,506	12,618
Machinery and equipment	5,729	8,734	6,928	8,428	12,657	17,162
Infrastructure	16,653	17,697	-	-	16,653	17,697
Total	\$ 69,787	\$ 79,568	\$ 4,823,187	\$ 5,005,531	\$ 4,892,974	\$ 5,085,099

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

Town of Creswell Management's Discussion and Analysis

Long-Term Debt and Liabilities.

**Town of Creswell's
Outstanding Debt and Long-term Liabilities
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Compensated absences	\$ 527	\$ 892	\$ 1,753	\$ 2,688	\$ 2,280	\$ 3,580
Net pension liability (LGERS)	7,218	3,417	44,974	30,498	52,192	33,915
Total	\$ 7,745	\$ 4,309	\$ 46,727	\$ 33,186	\$ 54,472	\$ 37,495

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 the Town is \$1,534,128.

Additional information regarding the Town's long-term debt and liabilities can be found in Note II.B.6 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic factors related to the growth of the Town.

- The completion of the joint sewer system with Tyrrell County will create growth opportunities for the Town.
- The addition of a charter school will create growth for the Town.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: The property tax rate will remain at \$0.50 per \$100 valuation. Budgeted expenditures in the General Fund are expected to decrease 6% to \$162,382. The largest expenditures are in employee compensation, including funding compensation and benefits adjustments and the maintenance of public buildings and roadways.

Business – type Activities: Water rates will remain the same for all water customers. Sewer rates will remain the same per thousand gallons and the monthly fee decreased .10% for sewer customers.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Creswell, PO Box 68, Creswell, NC 27928.

BASIC FINANCIAL STATEMENTS

Town of Creswell
Statement of Net Position
June 30, 2019
Exhibit 1

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 336,177	\$ 155,029	\$ 491,206
Taxes receivables (net)	3,256	-	3,256
Accounts receivable (net) - billed	-	36,028	36,028
Accounts receivable (net) - unbilled	-	13,779	13,779
Due from other governments	22,356	-	22,356
Internal balances	2,658	(2,658)	-
Inventories	-	9,350	9,350
Restricted cash and cash equivalents	71,935	2,800	74,735
Total current assets	436,382	214,328	650,710
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in process	17,249	-	17,249
Other capital assets, net of depreciation	52,538	4,823,187	4,875,725
Total capital assets	69,787	4,823,187	4,892,974
Total assets	506,169	5,037,515	5,543,684
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	5,157	32,132	37,289
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	2,832	5,055	7,887
Current portion of long-term liabilities	527	1,753	2,280
Liabilities payable from restricted assets:			
Customer deposits	-	2,800	2,800
Total current liabilities	3,359	9,608	12,967
Long-term liabilities:			
Due in more than one year	-	-	-
Net pension liability	7,218	44,974	52,192
Total liabilities	10,577	54,582	65,159
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	619	3,858	4,477
NET POSITION			
Net investment in capital assets	69,787	4,823,187	4,892,974
Restricted for:			
Stabilization by State Statue	25,014	-	25,014
Streets	71,935	-	71,935
Unrestricted	333,394	188,020	521,414
Total net position	\$ 500,130	\$ 5,011,207	\$ 5,511,337

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

Town of Creswell
Statement of Activities
For the Fiscal Year Ended June 30, 2019
Exhibit 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 121,740	\$ -	\$ -	\$ -
Public safety	25,000	-	-	-
Transportation	1,606	-	8,628	-
Environmental protection	595	-	-	-
Total governmental activities	148,941	-	8,628	-
Business-type activities:				
Water and sewer	474,449	337,926	-	-
Total business-type activities	474,449	337,926	-	-
Total primary government	\$ 623,390	\$ 337,926	\$ 8,628	\$ -

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

Town of Creswell
Statement of Activities
For the Fiscal Year Ended June 30, 2019
Exhibit 2

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business- type Activities	Total
Primary government:			
Governmental Activities:			
General government	\$ (121,740)	\$ -	\$ (121,740)
Public safety	(25,000)	-	(25,000)
Transportation	7,022	-	7,022
Environmental protection	(595)	-	(595)
Total governmental activities	(140,313)	-	(140,313)
Business-type activities:			
Water and sewer	-	(136,523)	(136,523)
Total business-type activities	-	(136,523)	(136,523)
Total primary government	(140,313)	(136,523)	(276,836)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	99,241	-	99,241
Grants and contributions not restricted to specific programs	69,767	-	69,767
Unrestricted investment earnings	2,670	595	3,265
Total general revenues not including transfers	171,678	595	172,273
Transfers	(324,114)	324,114	-
Change in net position	(292,749)	188,186	(104,563)
Net position, beginning as previously reported	792,879	4,813,043	5,605,922
Prior period adjustment	-	9,978	9,978
Net position, beginning as restated	792,879	4,823,021	5,615,900
Net position, ending	\$ 500,130	\$5,011,207	\$5,511,337

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

Town of Creswell
Balance Sheet – Governmental Fund
June 30, 2019
Exhibit 3

	Major Fund General Fund	Total Governmental Fund
ASSETS		
Cash and cash equivalents	\$ 336,177	\$ 336,177
Restricted cash and cash equivalents	71,935	71,935
Receivables, net:		
Taxes	3,256	3,256
Due from other governments	22,356	22,356
Due from other funds	2,658	2,658
Total assets	\$ 436,382	\$ 436,382
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,832	\$ 2,832
Total liabilities	2,832	2,832
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	3,256	3,256
Total deferred inflows of resources	3,256	3,256
FUND BALANCES:		
Restricted		
Stabilization by State Statute	25,014	25,014
Streets	71,935	71,935
Unassigned	333,345	333,345
Total fund balances	430,294	430,294
Total liabilities, deferred inflows of resources, and fund balances	\$ 436,382	
Amounts reported for governmental activities in the statement of Net Position (Exhibit 1) are different because:		
Total Fund Balance, Governmental Funds		430,294
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	342,996	
Accumulated depreciation	(273,209)	69,787
Deferred outflows of resources related to pensions are not reported in the funds		5,157
Earned revenues considered deferred inflows of resources in fund statements		3,256
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Compensated absences	(527)	
Net pension liability	(7,218)	(7,745)
Deferred inflows of resources related to pensions are not reported in the funds		(619)
Net position of governmental activities		\$ 500,130

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

Town of Creswell
Statement of Revenues, Expenditures, and Change
in Fund Balance –Governmental Fund
For the Fiscal Year Ended June 30, 2019
Exhibit 4

	Major Fund General Fund	Total Governmental Fund
Revenues:		
Ad valorem taxes	\$ 109,746	\$ 109,746
Unrestricted intergovernmental	69,767	69,767
Restricted intergovernmental	8,625	8,625
Investment earnings	2,673	2,673
Total revenues	190,811	190,811
Expenditures:		
Current:		
General government	112,465	112,465
Public safety	25,000	25,000
Transportation	562	562
Environmental protection	595	595
Total expenditures	138,622	138,622
Excess (deficiency) of revenues over expenditures	52,189	52,189
Other financing sources (uses):		
Transfer to other fund - Water and Sewer Fund	(324,114)	(324,114)
Net change in fund balance	(271,925)	(271,925)
Fund balance, beginning	702,219	702,219
Fund balance, ending	\$ 430,294	\$ 430,294

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

Town of Creswell
Statement of Revenues, Expenditures, and Change
in Fund Balance –Governmental Fund
For the Fiscal Year Ended June 30, 2019
Exhibit 4

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

Net changes in fund balance - total governmental fund \$ (271,925)

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 depreciation exceeded capital outlays in the current period.

Capital outlay expenditures that were capitalized	-	
Depreciation expense for governmental assets	<u>(9,781)</u>	(9,781)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		1,137
--	--	-------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues		(10,505)
--	--	----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	365	
Pension expense	<u>(2,040)</u>	(1,675)

Total changes in net position of governmental activities		<u>\$ (292,749)</u>
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The accompanying notes are an integral part of these financial statements.

Town of Creswell
Statement of Revenues, Expenditures, and Change
in Fund Balance – Annual Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2019
Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 84,411	\$ 84,411	\$ 109,746	\$ 25,335
Unrestricted intergovernmental	60,535	60,535	69,767	9,232
Restricted intergovernmental	7,485	7,485	8,625	1,140
Investment earnings	-	-	2,673	2,673
Miscellaneous	350	350	-	(350)
Total revenues	152,781	152,781	190,811	38,030
Expenditures:				
Current:				
General government	131,318	133,049	112,465	20,584
Public safety	5,000	25,000	25,000	-
Transportation	8,000	8,000	562	7,438
Environmental protection	500	600	595	5
Contingency	7,963	6,132	-	6,132
Total expenditures	152,781	172,781	138,622	34,159
Revenues over (under) expenditures	-	(20,000)	52,189	72,189
Other financing sources (uses):				
Transfer to other fund - Water and Sewer Fund	-	(324,114)	(324,114)	-
Fund balance appropriated	-	344,114	-	(344,114)
Net change in fund balance	\$ -	\$ -	(271,925)	\$ (271,925)
Fund balance, beginning				702,219
Fund balance, ending				\$ 430,294

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

Town of Creswell
Statement of Fund Net Position – Proprietary Fund
June 30, 2019
Exhibit 6

	Major Enterprise Fund	
	Water and Sewer Fund	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 155,029	\$ 155,029
Accounts receivable (net) - billed	36,028	36,028
Accounts receivable (net) - unbilled	13,779	13,779
Inventories	9,350	9,350
Restricted assets:		
Cash and cash equivalents	2,800	2,800
Total current assets	216,986	216,986
Noncurrent assets:		
Capital assets:		
Other capital assets, net of depreciation	4,823,187	4,823,187
Capital assets (net)	4,823,187	4,823,187
Total noncurrent assets	4,823,187	4,823,187
Total assets	\$ 5,040,173	\$ 5,040,173
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	\$ 32,132	\$ 32,132
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	5,055	5,055
Due to other funds	2,658	2,658
Compensated absences - current	1,753	1,753
Liabilities payable from restricted assets:		
Customer deposits	2,800	2,800
Total current liabilities	12,266	12,266
Noncurrent liabilities:		
Net pension liability	44,974	44,974
Total liabilities	57,240	57,240
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	3,858	3,858
NET POSITION		
Net investment in capital assets	4,823,187	4,823,187
Unrestricted	188,020	188,020
Total net position	\$ 5,011,207	\$ 5,011,207

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

Town of Creswell
Statement of Revenues, Expenses, and Changes in Fund Net Position –
Proprietary Fund
For the Fiscal Year Ended June 30, 2019
Exhibit 7

	Major Enterprise Fund	
	Water and Sewer Fund	Total
Operating revenues:		
Charges for services	\$ 337,926	\$ 337,926
Total operating revenues	337,926	337,926
Operating expenses:		
Administration	272,916	272,916
Treatment plant	19,189	19,189
Depreciation	182,344	182,344
Total operating expenses	474,449	474,449
Operating income (loss)	(136,523)	(136,523)
Nonoperating revenues:		
Investment earnings	595	595
Income (loss) before transfers	(135,928)	(135,928)
Transfer from other fund - General Fund	324,114	324,114
Change in net position	188,186	188,186
Total net position, beginning as previously reported	4,813,043	4,813,043
Prior period adjustment	9,978	9,978
Total net position, beginning as restated	4,823,021	4,823,021
Total net position, ending	\$ 5,011,207	\$ 5,011,207

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

Town of Creswell
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2019
Exhibit 8

	Major Enterprise Fund
	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 324,660
Cash paid for goods and services	(157,506)
Cash paid to or on behalf of employees for services	(132,048)
Customer deposits received	500
Net cash provided (used) by operating activities	35,606
Cash flows from noncapital financing activities:	
Increase in due to other funds	2,658
Net cash provided (used) by noncapital financing activities	2,658
Cash flows from investing activities:	
Interest income	595
Net cash provided (used) by investing activities	595
Net increase (decrease) in cash and cash equivalents	38,859
Cash and cash equivalents, July 1	118,970
Cash and cash equivalents, June 30	\$ 157,829
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (136,523)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	182,344
Change in assets, deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable	(13,266)
(Increase) decrease in inventories	1,163
(Increase) decrease in deferred outflows of resources - pensions	(10,508)
Increase (decrease) in net pension liability	14,476
Increase (decrease) in deferred inflows of resources - pensions	1,014
Increase (decrease) in accounts payable and accrued liabilities	(2,659)
Increase (decrease) in compensated absences	(935)
Increase (decrease) in customer deposits	500
Total adjustments	172,129
Net cash provided (used) by operating activities	\$ 35,606

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

Town of Creswell Notes to Financial Statements

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Creswell is a municipal corporation that is governed by an elected mayor and a four-member Board. As required by generally accepted accounting principles, these financial statements present the financial information of the Town.

B. Basis of Presentation

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

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

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

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

Town of Creswell Notes to Financial Statements

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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 the proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. The Governmental fund is 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

Town of Creswell Notes to Financial Statements

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 the governmental fund. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Enterprise Capital Projects Funds. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for multi-year funds. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Town of Creswell
Notes to Financial Statements

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The Town had no such investments at June 30, 2019.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Powell bill funds are classified as restricted cash because they can be expended only for the purpose of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Customer deposits held by the Town before any goods and/or services are given and/or supplied are restricted to the purpose for which the deposit is collected.

Town of Creswell Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ 71,935
Business-type Activities	
Water and Sewer Fund	
Customer deposits	2,800
Total restricted cash	\$ 74,735

Town of Creswell Notes to Financial Statements

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018.

5. Allowances for Doubtful Accounts

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

6. Inventories

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's enterprise fund consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

7. Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40
Infrastructure	30
Water system	10-50
Equipment	7
Vehicles	5

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The

Town of Creswell Notes to Financial Statements

Town has several items that meet the criterion for this category - property taxes receivable and pension deferrals.

9. *Compensated Absences*

The vacation policy of the Town provides vacation leave for the Town Clerk and the Water/Sewer Superintendent. Any unused vacation leave expires at year end. Therefore, there is no accumulated vacation pay at year end. The Town also gives employees compensatory time off for hours worked over forty in one week. Compensatory hours cannot be accrued for more than 240 hours. If an employee terminates employment, the accrued compensatory time off will be paid to the employee based on the employee's current rate of pay. For the Town's government-wide and proprietary funds, an expense and liability for compensated absences are recorded as the leave is earned. The Town 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 and proprietary fund financial statements.

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 is composed of five classifications, as applicable designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balance as follows:

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

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

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

Town of Creswell

Notes to Financial Statements

and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

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

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

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

11. Defined Benefit Cost-Sharing Plan

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

12. Use of Estimates

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

Town of Creswell
Notes to Financial Statements

13. Subsequent Events – Date of Management’s Evaluation

Management has evaluated subsequent events through February 1, 2020, the date which the financial statements were available to be issued. See Note II.B.5 for subsequent settlement of billing dispute with Tyrrell County. See Note II.A.3 for Local Government Commission approval of the Town to be eligible to receive a water revolving loan.

NOTE II – DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

At June 30, 2019, the Town's deposits had a carrying amount of \$565,741 and a bank balance of \$570,128. Of the bank balances, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2019 the Town's petty cash fund totaled \$200.

2. Receivables – Allowance for Doubtful Accounts

The amounts presented in the Balance sheet and the Statement of Net Position for the year ended June 30, 2019 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 750
Enterprise Fund:	
Water and Sewer Fund - accounts receivable	80,595
Total	\$ 81,345

Town of Creswell
Notes to Financial Statements

See note II.B.5 regarding the dispute with Tyrrell County regarding its sewer billings.

3. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,249	\$ -	\$ -	\$ 17,249
Capital assets being depreciated:				
Buildings	65,500	-	-	65,500
Other Improvements	114,993	-	-	114,993
Machinery and equipment	113,938	-	-	113,938
Infrastructure	31,316	-	-	31,316
Total capital assets being depreciated	325,747	-	-	325,747
Less accumulated depreciation for:				
Buildings	42,230	1,620	-	43,850
Other Improvements	102,375	4,112	-	106,487
Machinery and equipment	105,204	3,005	-	108,209
Infrastructure	13,619	1,044	-	14,663
Total accumulated depreciation	263,428	\$ 9,781	\$ -	273,209
Total capital assets being depreciated, net	62,319			52,538
Governmental activities capital assets, net	\$ 79,568			\$ 69,787

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

General government	\$ 8,737
Transportation	1,044
Total depreciation expense	\$ 9,781

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets being depreciated:				
Buildings	\$ 70,354	\$ -	\$ -	\$ 70,354
Equipment	45,066	-	-	45,066
Vehicles	66,631	-	-	66,631
Plant and distribution system	7,294,432	-	-	7,294,432
Total capital assets being depreciated	7,476,483	-	-	7,476,483
Less accumulated depreciation for:				
Buildings	28,025	7,111	-	35,136
Equipment	36,638	1,500	-	38,138
Vehicles	66,631	-	-	66,631
Plant and distribution system	2,339,658	173,733	-	2,513,391
Total accumulated depreciation	2,470,952	\$ 182,344	\$ -	2,653,296
Total capital assets being depreciated, net	5,005,531			4,823,187
Business-type activities capital assets, net	\$ 5,005,531			\$ 4,823,187

Town of Creswell Notes to Financial Statements

Construction Commitments

In March 2018, the State Water Infrastructure Authority awarded the Town a \$743,370 Drinking Water State Reserve grant/loan combination for water treatment plant improvements. The combination is 75% grant and 25% loan which would be 0% for 20 years. On April 23, 2018, the Town entered into an agreement in the amount of \$94,370 for engineering services related to the project. No amounts had been spent as of June 30, 2019. Also, on September 10, 2019, the N.C. Local Government Commission formally approved the \$188,792 water revolving loan and that the Town is eligible to receive the loan.

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Creswell 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 officer (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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 average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Town of Creswell
Notes to Financial Statements

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Creswell employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Creswell’s contractually required contribution rate for the year ended June 30, 2019, was 7.78% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Creswell were \$8,222 for the year ended June 30, 2019.

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

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

At June 30, 2019, the Town reported a liability of \$52,192 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 liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018 (measurement date), the Town’s proportion was .00220% which was a decrease of 0.00002% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$14,107. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,053	\$ 269
Changes of assumptions	13,850	-
Net difference between projected and actual earnings on pension plan investments	7,164	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	4,208
Town contributions subsequent to the measurement date	8,222	-
Total	\$ 37,289	\$ 4,477

Town of Creswell Notes to Financial Statements

\$8,222 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$	12,444
2021		7,834
2022		693
2023		3,619
2024		-
Thereafter		-
		\$ 24,590

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

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

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

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

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation

Town of Creswell
Notes to Financial Statements

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	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$125,369	\$ 52,192	\$ (8,956)

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.

Town of Creswell
Notes to Financial Statements

2. Other Employment Benefit

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions to pension plan in current fiscal year	\$ 8,222
Differences between expected and actual experience	8,053
Changes of assumptions	13,850
Net difference between projected and actual earnings on pension plan investments	7,164
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
Total	\$ 37,289

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	\$ -	\$ 3,256
Differences between expected and actual experience	269	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,208	-
Total	\$ 4,477	\$ 3,256

Town of Creswell

Notes to Financial Statements

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general and auto liability coverage of \$2 million per occurrence, property coverage up to the total insured values of property policy, workers' 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. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar costs levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

Town owned facilities and properties are not located within a designated flood plan. Based upon this designation, the Town has not purchased flood insurance through the National Flood Insurance Plan.

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

5. Claims, Judgments and Contingent Liabilities

Utility Billing Dispute

After completion of the Town's new wastewater treatment plant (WWTP), disputes between the Town and Tyrrell County arose concerning amounts the Town is billing the County for Tyrrell County customers and capacity. The County stopped paying the Town's sewer billings and the Town informed the County it would stop accepting Tyrrell County customer's wastewater unless payment was made. These disputes led to Tyrrell County filing a lawsuit against the Town, claiming among other things, the potential for environmental damages. By order of the judge on August 18, 2017, the proceedings were delayed to allow the parties an opportunity to obtain a rate study "to determine the rate or fee which the Town is permitted to charge the County under the terms of the sewer contract." That rate study has been completed to the apparent satisfaction of all parties and a new contract to incorporate the methodology of the new rate is being developed. The Town, through its Commissioners, intends to resolve these cases by entering into a new contract for sewer services. The cases should be fully resolved with the adoption of the new contract for sewer

Town of Creswell
Notes to Financial Statements

services. Until such a new contract is finalized, the County is paying an agreed billing based on the rate study. Management expects a new contract to be in place in the near future, thus resolving this dispute with the County. As of June 30, 2019, the Town has uncollected sewer bills to the County in the amount of \$59,543. This amount is included in the Town's allowance for doubtful accounts in the Water and Sewer fund.

On July 23, 2019, the Town board moved to accept the new sewer contract with Tyrrell County and write-off the \$59,543 owed to the Town by the County. On August 5, 2019, the County through notice of voluntary dismissal dismissed the dispute without prejudice.

6. Long-Term Obligations

Changes in Long-Term Liabilities

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Compensated absences	\$ 892	\$ 353	\$ 718	\$ 527	\$ 527
Net pension liability (LGERS)	3,417	3,801	-	7,218	-
Governmental activity long-term liabilities	\$ 4,309	\$ 4,154	\$ 718	\$ 7,745	\$ 527
Business-type Activities:					
Compensated absences	\$ 2,688	\$ 2,433	\$ 3,368	\$ 1,753	\$ 1,753
Net pension liability (LGERS)	30,498	14,476	-	44,974	-
Business activity long-term liabilities	\$ 33,186	\$ 16,909	\$ 3,368	\$ 46,727	\$ 1,753

At June 30, 2019, the Town has a legal debt margin of \$1,534,128.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2019, consist of the following:

Due to the General Fund for June 2019 payroll liabilities reimbursement from the Water and Sewer Fund in the amount of \$2,658.

The inter-fund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Tranfers to/from other funds at June 30, 2019 consist of the following:

Town of Creswell
Notes to Financial Statements

Transfer from the General Fund to the Water and Sewer Fund to write-off amount due to the General Fund from the Water and Sewer Fund for payments made as a result of uncollected utility billings and cost of dispute with Tyrrell County, as disclosed in Note II.B.5.

\$ 324,114

D. Fund Balance

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

Total fund balance - General Fund	\$	430,294
Less:		
Stabilization by State Statute		25,014
Streets - Powell Bill		71,935
Remaining Fund Balance	\$	333,345

NOTE III – SUMMARY OF DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE IV – MAJOR TAXPAYER/CUSTOMER

The Town has one major taxpayer who accounted for 29% of the property taxes levied for the fiscal year ending June 30, 2019. Tyrrell County is the Town’s sole major customer for water/sewer utility billings for the fiscal year ending June 30, 2019. The County’s billings comprised approximately 27% of the Town’s gross utility billings before the allowance for doubtful accounts. See Note II. B. 5.

NOTE V – RESTATEMENT

During the June 30, 2019 fiscal year, the Town determined that their customer deposits liability held for water and sewer customers per their detailed listing did not agree with the amount recorded on their general ledger. Therefore, an adjustment to beginning net position has been recorded to account for the difference, the net effect of which increased beginning net position of the business-type activities and the Water and Sewer Fund by \$9,978.

NOTE VI – NONCASH NONCAPITAL FINANCING ACTIVITIES

See Note II.C for \$324,114 due to the General Fund from the Water and Sewer Fund that was forgiven during the June 30, 2019 fiscal year that resulted in noncash noncapital financing activity.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

- Schedule of the Proportionate Share of Net Pension Liability (Asset) for Local Governmental Employees' Retirement System
- Schedule of Contributions to Local Governmental Employees' Retirement System

Town of Creswell
Schedule of the Proportionate Share of the Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years*

Local Governmental Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Creswell's proportion of the net pension liability (asset) (%)	0.00220%	0.00222%	0.00216%	0.00209%	0.00194%	0.00140%
Creswell's proportion of the net pension liability (asset) (\$)	\$ 52,192	\$ 33,915	\$ 45,842	\$ 9,380	\$ (11,441)	\$ 16,875
Creswell's covered-employee payroll	\$ 109,948	\$ 104,712	\$ 103,067	\$ 86,746	\$ 89,699	\$ 64,958
Creswell's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.47%	32.39%	44.48%	10.81%	-13.19%	25.98%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**Town of Creswell
Schedule of Contributions
Required Supplemental Information
Last Six Fiscal Years***

Local Governmental Employees' Retirement System

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 8,222	\$ 8,279	\$ 7,634	\$ 6,916	\$ 6,132	\$ 6,548
Contributions in relation to the contractually required contribution	8,222	8,279	7,634	6,916	6,132	6,548
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Creswell's covered-employee payroll	\$ 105,680	\$ 109,948	\$ 104,712	\$ 103,067	\$ 86,746	\$ 89,699
Contributions as a percentage of covered-employee payroll	7.78%	7.53%	7.29%	6.71%	7.07%	7.30%

Individual Fund Statements and Schedules

Town of Creswell
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 107,911	\$
Interest		1,835	
Total	84,411	109,746	25,335
Unrestricted intergovernmental:			
Local option sales taxes		42,070	
Beer and wine tax		1,128	
Utilities and telecommunications sales tax and video franchise tax		23,578	
Sales tax refunds		2,991	
Total	60,535	69,767	9,232
Restricted intergovernmental:			
Powell Bill allocation		8,625	
Total	7,485	8,625	1,140
Investment earnings	-	2,673	2,673
Miscellaneous:			
Miscellaneous income		-	
Total	350	-	(350)
Total revenues	152,781	190,811	38,030
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		16,982	
Total	17,207	16,982	225
Administration:			
Salaries and employee benefits		30,160	
Repairs and maintenance		5,339	
Other operating expenditures		54,641	
Total	110,497	90,140	20,357

(continued)

Town of Creswell
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual – General Fund
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Public buildings & utilities:			
General insurance		5,343	
Total	5,345	5,343	2
Total general government	133,049	112,465	20,584
Public Safety:			
Fire:			
Other operating expenditures		25,000	
Total public safety	25,000	25,000	-
Transportation:			
Streets and highways:			
Streets and maintenance		562	
Total transportation	8,000	562	7,438
Environmental protection:			
Other operating expenditures		595	
Total environmental protection	600	595	5
Contingency	6,132	-	6,132
Total expenditures	172,781	138,622	34,159
Revenues over (under) expenditures	(20,000)	52,189	72,189
Other financing sources (uses):			
Transfer to other fund - Water and Sewer Fund	(324,114)	(324,114)	-
Fund balance appropriated	344,114	-	(344,114)
Net change in fund balance	\$ -	(271,925)	\$ (271,925)
Fund balance, beginning		702,219	
Fund balance, ending		\$ 430,294	

Town of Creswell
Water and Sewer Fund Schedule of Revenues
and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services		\$ 337,926	
Total operating revenues	\$ 342,911	337,926	\$ (4,985)
Non-operating revenues:			
Interest on investments		595	
Total revenues	342,911	338,521	(4,390)
Expenditures:			
Operating:			
Administration - water:			
Salaries and employee benefits		84,042	
Repairs and maintenance		11,137	
Other operating expenses		90,816	
Total administration - water	532,237	185,995	346,242
Administration - sewer:			
Salaries and employee benefits		52,053	
Other operating expenses		16,573	
Professional fees - Tyrrell County dispute		14,248	
Total administration - sewer	91,355	82,874	8,481
Treatment plant:			
Repairs and maintenance		10,447	
Chemicals and salt		5,809	
Permits and fees		2,933	
Total treatment plant	31,433	19,189	12,244
Capital outlay:			
Equipment		-	
Total capital outlay	12,000	-	12,000
Total expenditures	667,025	288,058	378,967
Revenues over (under) expenditures	(324,114)	50,463	374,577 (continued)

Town of Creswell
Water and Sewer Fund Schedule of Revenues
and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

Other financing sources (uses):

Transfer from other fund:			
General Fund	324,114	324,114	-
Total other financing sources (uses)	324,114	324,114	-

Revenues and other sources

over (under) expenditures	\$ -	374,577	\$ 374,577
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**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

Reconciling items:

Depreciation	(182,344)
Increase (decrease) in deferred outflows of resources - pensions	10,508
(Increase) decrease in net pension liability	(14,476)
(Increase) decrease in compensated absences	935
(Increase) decrease in deferred inflows of resources - pensions	(1,014)
Total reconciling items	(186,391)

Change in net position	\$ 188,186
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OTHER SCHEDULES

This section contains additional information on property taxes.

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

Town of Creswell
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

<u>Fiscal Year</u>	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 95,883	\$ 94,529	\$ 1,354
2017-2018	7,788	-	6,403	1,385
2016-2017	5,586	-	5,261	325
2015-2016	670	-	383	287
2014-2015	1,215	-	978	237
2013-2014	329	-	218	111
2012-2013	311	-	215	96
2011-2012	247	-	151	96
2010-2011	230	-	155	75
2009-2010	171	-	131	40
2008-2009	214	-	214	-
	<u>\$ 16,761</u>	<u>\$ 95,883</u>	<u>\$ 108,638</u>	4,006
Less: allowance for uncollectible accounts:				
General Fund				750
Ad valorem taxes receivable - net				<u>\$ 3,256</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 109,746
Reconciling items:				
Interest collected				(1,835)
Taxes written off				214
Releases - prior year				513
Subtotal				<u>(1,108)</u>
Total collections and credits				<u>\$ 108,638</u>

Town of Creswell
Analysis of Current Tax Levy – Town-Wide Levy
June 30, 2019

	Town-Wide		Total Levy		
	Property	Rate	Total	Property	Registered
	Valuation			Levy	
				Registered	Motor
				Motor	Vehicles
				Vehicles	
Original levy:					
Property taxed at current					
year's rate	\$ 19,176,600	0.5	\$ 95,883	\$ 86,721	\$ 9,162
<u>Total property valuation</u>	<u>\$ 19,176,600</u>				
Net levy			95,883	86,721	9,162
Unpaid (by taxpayer) taxes at June 30, 2019			(1,354)	(1,354)	-
<u>Current year's taxes collected</u>			<u>\$ 94,529</u>	<u>\$ 85,367</u>	<u>\$ 9,162</u>
<u>Current levy collection percentage</u>			<u>98.59%</u>	<u>98.44%</u>	<u>100.00%</u>