

Town of Creswell
FINANCIAL STATEMENTS

June 30, 2020

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, 2020**

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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, 2020, 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, 2020, 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 – 12 and 42 – 43 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 6, 2021

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, 2020. 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

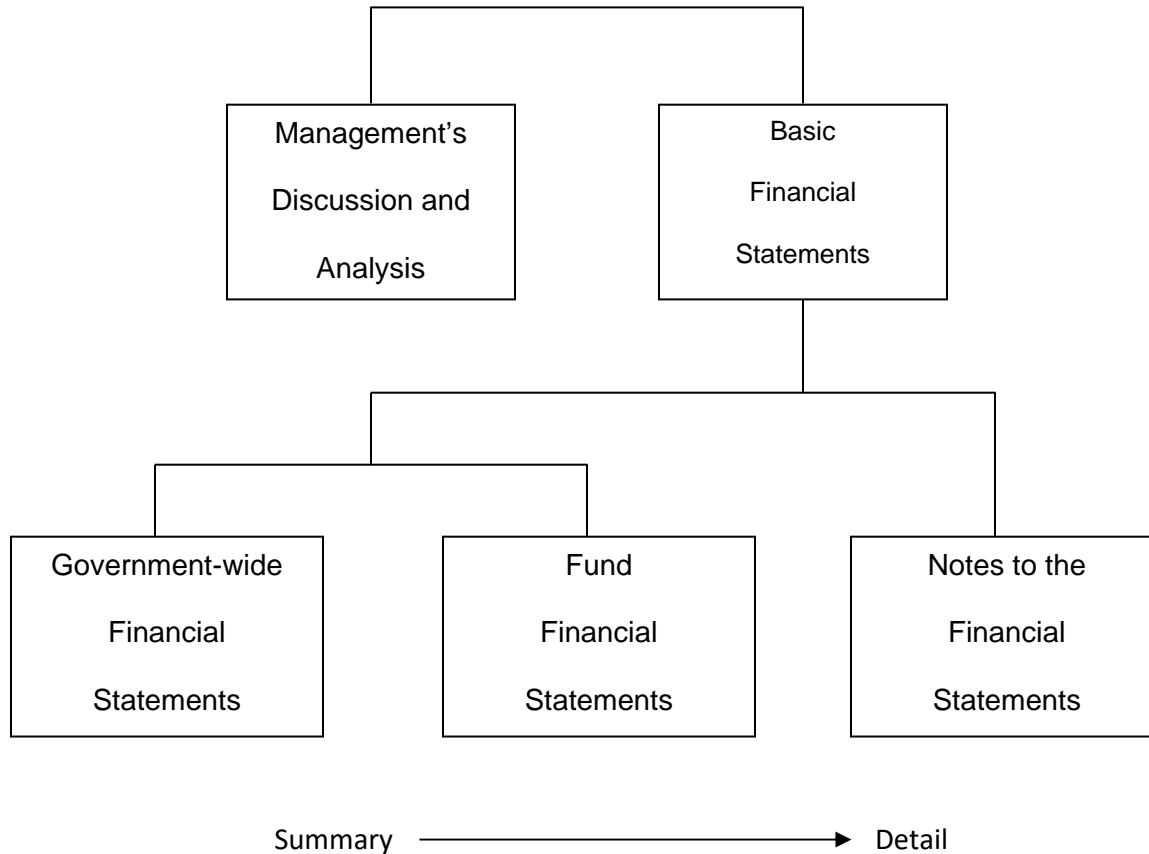
- The assets and deferred outflows of resources of the Town of Creswell exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,430,395 (*net position*).
- The government's total net position decreased by \$79,642 before prior period adjustment of \$1,300 primarily due to decreases in the business-type 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 \$463,214 with a net increase of \$32,920 in fund balance. Approximately 26.83 percent of this total amount, or \$124,298, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$338,916 or 207.58 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 23 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 42 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 469,016	\$ 436,382	\$ 278,612	\$ 214,328	\$ 747,628	\$ 650,710
Capital assets	64,504	69,787	4,699,109	4,823,187	4,763,613	4,892,974
Deferred outflows of resources	3,112	5,157	21,723	32,132	24,835	37,289
Total assets and deferred outflows of resources	536,632	511,326	4,999,444	5,069,647	5,536,076	5,580,973
Long-term liabilities outstanding	5,475	7,218	51,484	44,974	56,959	52,192
Other liabilities	3,407	3,359	36,736	9,608	40,143	12,967
Deferred inflows of resources	1,293	619	7,286	3,858	8,579	4,477
Total liabilities and deferred inflows of resources	10,175	11,196	95,506	58,440	105,681	69,636
Net position:						
Net investment in capital assets	64,504	69,787	4,684,631	4,823,187	4,749,135	4,892,974
Restricted	124,298	96,949	-	-	124,298	96,949
Unrestricted	337,655	333,394	219,307	188,020	556,962	521,414
Total net position	\$ 526,457	\$ 500,130	\$ 4,903,938	\$ 5,011,207	\$ 5,430,395	\$ 5,511,337

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 \$5,430,395 as of June 30, 2020. The Town's net position decreased by \$79,642 before prior period adjustment of \$1,300 for the fiscal year ended June 30, 2020. However, the largest portion (87.4%) 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, \$124,298, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$556,962 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	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 337,460	\$ 337,926	\$ 337,460	\$ 337,926
Operating grants and contributions	31,864	8,628	-	-	31,864	8,628
Capital grants and contributions	-	-	43,433	-	43,433	-
General revenues:						
Property taxes	94,028	99,241	-	-	94,028	99,241
Grants and contributions not restricted to specific programs	67,849	69,767	-	-	67,849	69,767
Other	2,772	2,670	611	595	3,383	3,265
Total revenues	196,513	180,306	381,504	338,521	578,017	518,827
Expenses:						
General government	158,336	121,740	-	-	158,336	121,740
Public safety	10,500	25,000	-	-	10,500	25,000
Transportation	1,242	1,606	-	-	1,242	1,606
Environmental protection	108	595	-	-	108	595
Water and Sewer	-	-	487,473	474,449	487,473	474,449
Total expenses	170,186	148,941	487,473	474,449	657,659	623,390
Increase (decrease) in net position before transfers	26,327	31,365	(105,969)	(135,928)	(79,642)	(104,563)
Transfers	-	(324,114)	-	324,114	-	-
Increase (decrease) in net position	26,327	(292,749)	(105,969)	188,186	(79,642)	(104,563)
Net position, July 1, as previously reported	500,130	792,879	5,011,207	4,813,043	5,511,337	5,605,922
Prior period adjustment	-	-	(1,300)	9,978	(1,300)	9,978
Net position, July 1, as restated	500,130	792,879	5,009,907	4,823,021	5,510,037	5,615,900
Net position, June 30	\$ 526,457	\$ 500,130	\$ 4,903,938	\$ 5,011,207	\$ 5,430,395	\$ 5,511,337

Governmental activities. Governmental activities increased the Town's net position by \$26,327 primarily due to controlling expenditures and adhering to the budget.

Business-type activities: Business-type activities decreased the Town of Creswell's net position by \$105,969 (before prior period adjustment of \$1,300), primarily as a result of an increase in health insurance premiums and annual depreciation expense.

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 \$419,149, while total fund balance reached \$463,214.

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 \$219,307. The total decrease in net position was \$105,969 before prior period adjustment of \$1,300. 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, 2020, totals \$4,763,613 (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, 2020 fiscal year.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 17,249	\$ 17,249	\$ -	\$ -	\$ 17,249	\$ 17,249
Buildings	20,763	21,650	28,106	35,218	48,869	56,868
Plant and distribution system	-	-	4,607,666	4,781,041	4,607,666	4,781,041
Other improvements	6,687	8,506	-	-	6,687	8,506
Machinery and equipment	4,195	5,729	5,426	6,928	9,621	12,657
Infrastructure	15,610	16,653	-	-	15,610	16,653
Construction in process	-	-	57,911	-	57,911	-
Total	\$ 64,504	\$ 69,787	\$ 4,699,109	\$ 4,823,187	\$ 4,763,613	\$ 4,892,974

Town of Creswell Management's Discussion and Analysis

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

Long-Term Debt and Liabilities.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Compensated absences	\$ 1,375	\$ 527	\$ 3,899	\$ 1,753	\$ 5,274	\$ 2,280
State revolving loan	-	-	14,478	-	14,478	-
Net pension liability (LRS)	5,285	7,218	35,133	44,974	40,418	52,192
Total	\$ 6,660	\$ 7,745	\$ 53,510	\$ 46,727	\$ 60,170	\$ 54,472

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 \$1,493,056.

Additional information regarding the Town's long-term debt and liabilities can be found in Note III.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 Town is expected to complete the Water Treatment Plant Improvement Project in February 2021.
- The COVID-19 world-wide pandemic has created an economic environment that is unstable and unpredictable. It has caused many to die, be infected, and dealing with lock-downs at home, loss of jobs, lack of income, concerns about the safety and well-being of families.
- The economic and health uncertainties of this pandemic, and the unknown factors such as length of the pandemic, the availability of federal and state financial assistance for local governments and citizens, make it difficult to forecast the financial implications for the Town.
- Stable property tax base. The Town expects that the property tax collection rate will decline somewhat as a result of job losses and less earnings potentials per households, however, once the pandemic subsides and the economy recovers, there is no reason not to expect to collect property taxes at a rate of 98% or higher.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: The property tax rate will remain at \$0.50 per \$100 valuation. Budgeted expenditures in the General Fund are expected to decrease 2% to \$165,715. The largest

Town of Creswell Management's Discussion and Analysis

expenditures are in employee compensation, including compensation and benefits adjustments and the maintenance of public buildings and roadways.

Business – type Activities: Water rates will remain the same as last year. The sewer rates in the Town will increase by 29.4%, primarily to cover increased costs of operations and infrastructure maintenance. General operating expenses will increase by 2% to cover increased personnel costs, and 5% to cover increased costs of material, supplies, and other operating expenses.

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, 2020
Exhibit 1

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 341,138	\$ 186,157	\$ 527,295
Taxes receivables (net)	3,580	-	3,580
Accounts receivable (net) - billed	-	37,712	37,712
Accounts receivable (net) - unbilled	-	15,499	15,499
Due from other governments	44,065	24,370	68,435
Inventories	-	9,174	9,174
Restricted cash and cash equivalents	80,233	5,700	85,933
Total current assets	469,016	278,612	747,628
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in process	17,249	57,911	75,160
Other capital assets, net of depreciation	47,255	4,641,198	4,688,453
Total capital assets	64,504	4,699,109	4,763,613
Total assets	533,520	4,977,721	5,511,241
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	3,112	21,723	24,835
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	2,222	29,010	31,232
Current portion of long-term liabilities	1,185	2,026	3,211
Liabilities payable from restricted assets:			
Customer deposits	-	5,700	5,700
Total current liabilities	3,407	36,736	40,143
Long-term liabilities:			
Due in more than one year	190	16,351	16,541
Net pension liability	5,285	35,133	40,418
Total liabilities	8,882	88,220	97,102
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	1,293	7,286	8,579
NET POSITION			
Net investment in capital assets	64,504	4,684,631	4,749,135
Restricted for:			
Stabilization by State Statue	44,065	-	44,065
Streets	80,233	-	80,233
Unrestricted	337,655	219,307	556,962
Total net position	\$ 526,457	\$ 4,903,938	\$ 5,430,395

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

Town of Creswell
Statement of Activities
For the Fiscal Year Ended June 30, 2020
Exhibit 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 158,336	\$ -	\$ 23,367	\$ -
Public safety	10,500	-	-	-
Transportation	1,242	-	8,497	-
Environmental protection	108	-	-	-
Total governmental activities	170,186	-	31,864	-
Business-type activities:				
Water and sewer	487,473	337,460	-	43,433
Total business-type activities	487,473	337,460	-	43,433
Total primary government	\$ 657,659	\$ 337,460	\$ 31,864	\$ 43,433

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

Town of Creswell
Statement of Activities
For the Fiscal Year Ended June 30, 2020
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	\$ (134,969)	\$ -	\$ (134,969)
Public safety	(10,500)	-	(10,500)
Transportation	7,255	-	7,255
Environmental protection	(108)	-	(108)
Total governmental activities	(138,322)	-	(138,322)
Business-type activities:			
Water and sewer	-	(106,580)	(106,580)
Total business-type activities	-	(106,580)	(106,580)
Total primary government	(138,322)	(106,580)	(244,902)
General revenues:			
Taxes:			
Property taxes, levied for general purpose	94,028	-	94,028
Grants and contributions not restricted to specific programs	67,849	-	67,849
Unrestricted investment earnings	2,732	611	3,343
Miscellaneous	40	-	40
Total general revenues	164,649	611	165,260
Change in net position	26,327	(105,969)	(79,642)
Net position, beginning as previously reported	500,130	5,011,207	5,511,337
Prior period adjustment	-	(1,300)	(1,300)
Net position, beginning as restated	500,130	5,009,907	5,510,037
Net position, ending	\$ 526,457	\$4,903,938	\$5,430,395

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

Town of Creswell
Balance Sheet – Governmental Fund
June 30, 2020
Exhibit 3

	Major Fund General Fund	Total Governmental Fund
ASSETS		
Cash and cash equivalents	\$ 341,138	\$ 341,138
Restricted cash and cash equivalents	80,233	80,233
Receivables, net:		
Taxes	3,580	3,580
Due from other governments	44,065	44,065
Total assets	\$ 469,016	\$ 469,016
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,222	\$ 2,222
Total liabilities	2,222	2,222
DEFERRED INFLOWS OF RESOURCES		
Property taxes receivable	3,580	3,580
Total deferred inflows of resources	3,580	3,580
FUND BALANCES:		
Restricted		
Stabilization by State Statute	44,065	44,065
Streets	80,233	80,233
Unassigned	338,916	338,916
Total fund balances	463,214	463,214
Total liabilities, deferred inflows of resources, and fund balances	\$ 469,016	
Amounts reported for governmental activities in the statement of Net Position (Exhibit 1) are different because:		
Total Fund Balance, Governmental Funds		463,214
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	(278,492)	64,504
Deferred outflows of resources related to pensions are not reported in the funds		
		3,112
Earned revenues considered deferred inflows of resources in fund statements		
		3,580
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Compensated absences	(1,375)	
Net pension liability	(5,285)	(6,660)
Deferred inflows of resources related to pensions are not reported in the funds		
		(1,293)
Net position of governmental activities		\$ 526,457

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, 2020
Exhibit 4

	Major Fund General Fund	Total Governmental Fund
Revenues:		
Ad valorem taxes	\$ 93,704	\$ 93,704
Unrestricted intergovernmental	67,849	67,849
Restricted intergovernmental	31,860	31,860
Investment earnings	2,736	2,736
Miscellaneous	40	40
Total revenues	196,189	196,189
Expenditures:		
Current:		
General government	152,462	152,462
Public safety	10,500	10,500
Transportation	199	199
Environmental protection	108	108
Total expenditures	163,269	163,269
Excess (deficiency) of revenues over expenditures/ Net change in fund balance		
	32,920	32,920
Fund balance, beginning	430,294	430,294
Fund balance, ending	\$ 463,214	\$ 463,214

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, 2020
Exhibit 4

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

Net changes in fund balance - total governmental fund		\$ 32,920
<p>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.</p>		
Capital outlay expenditures that were capitalized	-	
Depreciation expense for governmental assets	<u>(5,283)</u>	(5,283)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		1,485
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		324
<p>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.</p>		
Compensated absences	(848)	
Pension expense	<u>(2,271)</u>	(3,119)
Total changes in net position of governmental activities		<u>\$ 26,327</u>

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, 2020
Exhibit 5

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 87,458	\$ 87,458	\$ 93,704	\$ 6,246
Unrestricted intergovernmental	67,089	67,089	67,849	760
Restricted intergovernmental	7,485	7,485	31,860	24,375
Investment earnings	-	-	2,736	2,736
Miscellaneous	350	350	40	(310)
Total revenues	162,382	162,382	196,189	33,807
Expenditures:				
Current:				
General government	140,582	167,654	152,462	15,192
Public safety	5,000	10,500	10,500	-
Transportation	8,000	8,000	199	7,801
Environmental protection	800	800	108	692
Contingency	8,000	2,225	-	2,225
Total expenditures	162,382	189,179	163,269	25,910
Revenues over (under) expenditures	-	(26,797)	32,920	59,717
Fund balance appropriated	-	26,797	-	(26,797)
Net change in fund balance	\$ -	\$ -	32,920	\$ 32,920
Fund balance, beginning			430,294	
Fund balance, ending			\$ 463,214	

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

Town of Creswell
Statement of Fund Net Position – Proprietary Fund
June 30, 2020
Exhibit 6

	Major Enterprise Fund	
	Water and Sewer Fund	Total
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 186,157	\$ 186,157
Accounts receivable (net) - billed	37,712	37,712
Accounts receivable (net) - unbilled	15,499	15,499
Due from other governments	24,370	24,370
Inventories	9,174	9,174
Restricted assets:		
Cash and cash equivalents	5,700	5,700
Total current assets	278,612	278,612
Noncurrent assets:		
Capital assets:		
Construction in process	57,911	57,911
Other capital assets, net of depreciation	4,641,198	4,641,198
Capital assets (net)	4,699,109	4,699,109
Total noncurrent assets	4,699,109	4,699,109
Total assets	\$ 4,977,721	\$ 4,977,721
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	\$ 21,723	\$ 21,723
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	29,010	29,010
Compensated absences - current	2,026	2,026
Liabilities payable from restricted assets:		
Customer deposits	5,700	5,700
Total current liabilities	36,736	36,736
Noncurrent liabilities:		
Compensated absences	1,873	1,873
State Revolving Loan	14,478	14,478
Net pension liability	35,133	35,133
Total liabilities	88,220	88,220
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	7,286	7,286
NET POSITION		
Net investment in capital assets	4,684,631	4,684,631
Unrestricted	219,307	219,307
Total net position	\$ 4,903,938	\$ 4,903,938

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, 2020
Exhibit 7

	Major Enterprise Fund	
	Water and Sewer Fund	Total
Operating revenues:		
Charges for services	\$ 337,460	\$ 337,460
Total operating revenues	337,460	337,460
Operating expenses:		
Administration	288,799	288,799
Treatment plant	16,685	16,685
Depreciation	181,989	181,989
Total operating expenses	487,473	487,473
Operating income (loss)	(150,013)	(150,013)
Nonoperating revenues:		
Investment earnings	611	611
Total nonoperating revenues (expenses)	611	611
Income (loss) before contributions	(149,402)	(149,402)
Capital contributions	43,433	43,433
Change in net position	(105,969)	(105,969)
Total net position, beginning as previously reported	5,011,207	5,011,207
Prior period adjustment	(1,300)	(1,300)
Total net position, beginning as restated	5,009,907	5,009,907
Total net position, ending	\$ 4,903,938	\$ 4,903,938

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, 2020
Exhibit 8

	Major Enterprise Fund
	Water and Sewer Fund
Cash flows from operating activities:	
Cash received from customers	\$ 334,056
Cash paid for goods and services	(156,429)
Cash paid to or on behalf of employees for services	(143,152)
Customer deposits received	1,600
Net cash provided (used) by operating activities	36,075
Cash flows from noncapital financing activities:	
Increase (decrease) in due to other funds	(2,658)
Net cash provided (used) by noncapital financing activities	(2,658)
Cash flows from capital and related financing activities:	
State revolving loan proceeds	8,385
Acquisition and construction of capital assets	(33,541)
Capital contributions - State grants	25,156
Net cash provided (used) by capital and related financing activities	-
Cash flows from investing activities:	
Interest income	611
Net cash provided (used) by investing activities	611
Net increase (decrease) in cash and cash equivalents	34,028
Cash and cash equivalents, July 1	157,829
Cash and cash equivalents, June 30	\$ 191,857
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (150,013)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	181,989
Change in assets, deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable	(3,404)
(Increase) decrease in inventories	176
(Increase) decrease in deferred outflows of resources - pensions	10,409
Increase (decrease) in net pension liability	(9,841)
Increase (decrease) in deferred inflows of resources - pensions	3,428
Increase (decrease) in accounts payable and accrued liabilities	(415)
Increase (decrease) in compensated absences	2,146
Increase (decrease) in customer deposits	1,600
Total adjustments	186,088
Net cash provided (used) by operating activities	\$ 36,075

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 specific 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. A Water and Sewer Capital Projects Fund has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Projects Fund has been included in the supplemental information.

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.

Town of Creswell

Notes to Financial Statements

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 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, 2020.

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.

<u>Town of Creswell Restricted Cash</u>	
Governmental Activities	
General Fund	
Streets	\$ 80,233
Business-type Activities	
Water and Sewer Fund	
Customer deposits	5,700
Total restricted cash	\$ 85,933

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, 2019.

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 2020 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

Town of Creswell Notes to Financial Statements

applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category - property taxes receivable and pension deferrals.

9. Long-term Obligations

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

10. Compensated Absences

The vacation policy of the Town provides vacation leave for the Town's full-time employees. Effective with the June 30, 2020 fiscal year, these employees can carryover up to 240 hours of unused vacation leave at year end. Any unused vacation leave in excess of 240 hours is transferred to sick leave. 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 vacation leave and 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.

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

11. 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

Town of Creswell Notes to Financial Statements

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

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by 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.

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

12. 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.

Town of Creswell
Notes to Financial Statements

13. 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.

14. Subsequent Events – Date of Management’s Evaluation

Management has evaluated subsequent events through February 6, 2021, the date which the financial statements were available to be issued.

NOTE II – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Noncompliance with North Carolina General Statutes

During the June 30, 2020 fiscal year, the Town paid civil penalties of \$1,200 for violations of N.C.G.S 143-215.1(a)(6) due to the following: A review of the Wastewater Treatment Plant discharge monitoring report for the month of July 2019 and the Water Treatment Plant discharge monitoring report for the month of August 2019 by the North Carolina Department of Environmental Quality found that the facility was in violation of the discharge limitations and/or monitoring requirements of their permit by failure to submit monitoring reports or portions of the monitoring reports and a civil penalty and enforcement cost of \$600 was assessed for each violation. The Town should file all monitoring reports timely with the State agency. The Town will make sure all monthly monitoring reports are filed by the last day of the following month as per state requirements.

NOTE III – DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

Town of Creswell
Notes to Financial Statements

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, 2020, the Town's deposits had a carrying amount of \$613,028 and a bank balance of \$616,838. 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, 2020 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, 2020 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 750
Enterprise Fund:	
Water and Sewer Fund - accounts receivable	26,174
Total	\$ 26,924

3. Capital Assets

Capital asset activity for the year ended June 30, 2020 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	43,850	887	-	44,737
Other Improvements	106,487	1,819	-	108,306
Machinery and equipment	108,209	1,534	-	109,743
Infrastructure	14,663	1,043	-	15,706
Total accumulated depreciation	273,209	\$ 5,283	\$ -	278,492
Total capital assets being depreciated, net	52,538			47,255
Governmental activities capital assets, net	\$ 69,787			\$ 64,504

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

General government	\$ 4,240
Transportation	1,043
Total depreciation expense	\$ 5,283

Town of Creswell
Notes to Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water and Sewer Fund				
Capital assets not being depreciated:				
Construction in process	\$ -	\$ 57,911	\$ -	\$ 57,911
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	35,136	7,112	-	42,248
Equipment	38,138	1,502	-	39,640
Vehicles	66,631	-	-	66,631
Plant and distribution system	2,513,391	173,375	-	2,686,766
Total accumulated depreciation	2,653,296	\$ 181,989	\$ -	2,835,285
Total capital assets being depreciated, net	4,823,187			4,641,198
Business-type activities capital assets, net	\$ 4,823,187			\$ 4,699,109

Construction Commitments

In September 2019, the North Carolina Department of Environmental Quality awarded the Town a \$755,170 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 September 10, 2019, the N.C. Local Government Commission formally approved the \$188,792 water revolving loan making the Town eligible to receive the loan. On April 2, 2020, the State approved a contract for engineering services and administrative services by the engineering firm totaling \$147,470 and construction costs totaling \$528,960.

Project	Spent-to-date	Remaining Commitment
Water and Sewer Fund:		
Wastewater Treatment Plant Improvements:		
Engineering and Administration	\$ 44,370	\$ 103,100
Construction	-	528,960
Total	\$ 44,370	\$ 632,060

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 officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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.

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, 2020, was 8.98% 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 \$10,339 for the year ended June 30, 2020.

Town of Creswell
Notes to Financial Statements

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, 2020, the Town reported a liability of \$40,418 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019 (measurement date), the Town’s proportion was .00148% which was a decrease of 0.00072% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$15,121. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,921	\$ -
Changes of assumptions	6,589	-
Net difference between projected and actual earnings on pension plan investments	986	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	8,579
Town contributions subsequent to the measurement date	10,339	-
Total	\$ 24,835	\$ 8,579

\$10,339 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Creswell
Notes to Financial Statements

Year ended June 30:

2021	\$	4,526
2022		(188)
2023		1,917
2023		(338)
2025		-
Thereafter		-
	<u>\$</u>	<u>5,917</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

Town of Creswell
Notes to Financial Statements

<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	<u>100%</u>	

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

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

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

	<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)	\$ 92,443	\$ 40,418	\$ (2,826)

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	\$ 10,339
Differences between expected and actual experience	6,921
Changes of assumptions	6,589
Net difference between projected and actual earnings on pension plan investments	986
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
Total	\$ 24,835

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	\$ -	\$ 3,580
Differences between expected and actual experience	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,579	-
Total	\$ 8,579	\$ 3,580

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 \$5 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 - Resolution

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 allowing 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 has been entered into.

Town of Creswell
Notes to Financial Statements

On July 23, 2019, the Town board moved to accept the new sewer contract with Tyrrell County and write-off the \$59,543 disputed charges 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

State Revolving Loans

Serviced by Business-Type Activities

The Town has an outstanding State Revolving Fund loan promissory note from direct borrowings related to enterprise activities, each secured solely from the revenues of the benefited enterprise system. The note contains provisions that in the event of default, any other monies due to the Town from the State may be withheld by the State and applied to the payment of the revolving loan obligation. The note also contains a provision that if certain conditions of the revolving loan are not met, the State could require the Town to prepay the note in whole and have further commitment of funds withdrawn.

A revolving loan note from a direct borrowing was executed on April 16, 2020 in the amount of \$188,792, due in annual principal installments on May 1st each year, not to exceed 20 years, 0% interest per annum. This revolving loan is being drawn down on a project cost reimbursement basis, and the first principal payment is due not earlier than six months after the scheduled date of completion of the Project. The scheduled date of completion of the project is February, 2021.

	\$	14,478
Total	\$	14,478

Being the first loan payment is based on no earlier than six months after the scheduled completion date and the project is expected to be completed by February 24, 2021, no amounts have been shown as current maturities in the financial statements at June 30, 2020.

Town of Creswell
Notes to Financial Statements

Changes in Long-Term Liabilities

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Compensated absences	\$ 527	\$ 2,328	\$ 1,480	\$ 1,375	\$ 1,185
Net pension liability (LGERS)	7,218	-	1,933	5,285	-
Governmental activity long-term liabilities	\$ 7,745	\$ 2,328	\$ 3,413	\$ 6,660	\$ 1,185
Business-type Activities:					
Compensated absences	\$ 1,753	\$ 7,825	\$ 5,679	\$ 3,899	\$ 2,026
State revolving loan	-	14,478	-	14,478	-
Net pension liability (LGERS)	44,974	-	9,841	35,133	-
Business activity long-term liabilities	\$ 46,727	\$ 22,303	\$ 15,520	\$ 53,510	\$ 2,026

At June 30, 2020, the Town has a legal debt margin of \$1,493,056.

C. Fund Balance

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

Fund Balance

Total fund balance - General Fund	\$ 463,214
Less:	
Stabilization by State Statute	44,065
Streets - Powell Bill	80,233
Remaining Fund Balance	\$ 338,916

NOTE IV – JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with ten counties and fifteen other municipalities, is a member of the Albemarle Commission. The participating governments established the Commission to coordinate various funding received from Federal and State agencies. Each participating municipality appoints one member and each participating county government appoints three members to the Commission's governing board. The Town paid membership fees of \$350 to the Commission during the fiscal year ended June 30, 2020.

Town of Creswell
Notes to Financial Statements

NOTE V – 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 VI – MAJOR TAXPAYERS/CUSTOMER

The Town has one major taxpayer who accounted for 29% of the property taxes levied for the fiscal year ending June 30, 2020. Also, five taxpayers represent 88% of the taxes receivable balance at June 30, 2020. Tyrrell County is the Town's sole major customer for water/sewer utility billings for the fiscal year ending June 30, 2020. The County's billings comprised approximately 29% of the Town's gross utility billings and 13% of accounts receivable balance before the allowance for doubtful accounts.

NOTE VII – RESTATEMENT

During the June 30, 2020 fiscal year, the Town determined that their customer deposits liability held for water and sewer customers per their detailed listing did not include all customer deposits from prior years. The detailed listing was corrected, and 13 customer deposits were added. Therefore, an adjustment to beginning net position has been recorded to account for the change, the net effect of which decreased beginning net position of the business-type activities and the Water and Sewer Fund by \$1,300.

NOTE VIII - COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. Absent any government order or contagion of its workforce, the Town plans to continue its normal operations while taking all reasonable efforts to protect its citizens and employees. The Town's financial position and results of operations as of and for the fiscal year ended June 30, 2020 have not been materially impacted with this pandemic through that date. However, the Town cannot reasonably estimate the length or severity of this pandemic or the extent to which the disruption may materially impact its future financial statements through the distribution of intergovernmental revenues by the State of North Carolina, state and federal grant funding and collection of property and vehicle taxes and customer utility payments. The Town through executive order of the Governor suspended its cut-off policies for non-payment of utilities and extended payment options for its utilities customers.

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 Seven Fiscal Years*

Local Governmental Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Creswell's proportion of the net pension liability (asset) (%)	0.00148%	0.00220%	0.00222%	0.00216%	0.00209%	0.00194%	0.00140%
Creswell's proportion of the net pension liability (asset) (\$)	\$ 40,418	\$ 52,192	\$ 33,915	\$ 45,842	\$ 9,380	\$ (11,441)	\$ 16,875
Creswell's covered-employee payroll	\$ 105,680	\$ 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	38.25%	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%	99.07%	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 Seven Fiscal Years***

Local Governmental Employees' Retirement System

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 10,339	\$ 8,222	\$ 8,279	\$ 7,634	\$ 6,916	\$ 6,132	\$ 6,548
Contributions in relation to the contractually required contribution	10,339	8,222	8,279	7,634	6,916	6,132	6,548
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Creswell's covered-employee payroll	\$ 115,132	\$ 105,680	\$ 109,948	\$ 104,712	\$ 103,067	\$ 86,746	\$ 89,699
Contributions as a percentage of covered-employee payroll	8.98%	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, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 92,952	\$
Interest		752	
Total	87,458	93,704	6,246
Unrestricted intergovernmental:			
Local option sales taxes		41,640	
Beer and wine tax		1,110	
Utilities and telecommunications sales tax and video franchise tax		22,150	
Sales tax refunds		2,949	
Total	67,089	67,849	760
Restricted intergovernmental:			
Powell Bill allocation		8,493	
FEMA		23,367	
Total	7,485	31,860	24,375
Investment earnings	-	2,736	2,736
Miscellaneous:			
Miscellaneous income		40	
Total	350	40	(310)
Total revenues	162,382	196,189	33,807
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits		19,596	
Total	20,396	19,596	800
Administration:			
Salaries and employee benefits		41,017	
Repairs and maintenance		27,142	
Other operating expenditures		59,899	
Total	142,258	128,058	14,200

(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, 2020

	Budget	Actual	Variance Positive (Negative)
Expenditures (continued):			
Public buildings & utilities:			
General insurance		4,808	
Total	5,000	4,808	192
Total general government	167,654	152,462	15,192
Public Safety:			
Fire:			
Contribution - Fire Department		10,500	
Total public safety	10,500	10,500	-
Transportation:			
Streets and highways:			
Streets and maintenance		199	
Total transportation	8,000	199	7,801
Environmental protection:			
Other operating expenditures		108	
Total environmental protection	800	108	692
Contingency	2,225	-	2,225
Total expenditures	189,179	163,269	25,910
Revenues over (under) expenditures	(26,797)	32,920	59,717
Fund balance appropriated	26,797	-	(26,797)
Net change in fund balance	\$ -	32,920	\$ 32,920
Fund balance, beginning		430,294	
Fund balance, ending		\$ 463,214	

Town of Creswell
Water and Sewer Fund Schedule of Revenues
and Expenditures – Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2020

	Budget	Actual	Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services		\$ 337,460	
Total operating revenues	\$ 345,435	337,460	\$ (7,975)
Non-operating revenues:			
Interest on investments	-	611	611
Total revenues	345,435	338,071	(7,364)
Expenditures:			
Operating:			
Administration - water:			
Salaries and employee benefits		94,532	
Repairs and maintenance		19,004	
Other operating expenses		82,301	
Total administration - water	201,205	195,837	5,368
Administration - sewer:			
Salaries and employee benefits		54,762	
Other operating expenses		16,986	
Professional fees		15,072	
Total administration - sewer	95,825	86,820	9,005
Treatment plant:			
Repairs and maintenance		10,713	
Chemicals and salt		3,039	
Permits and fees		2,933	
Total treatment plant	29,213	16,685	12,528
Capital outlay:			
Equipment		-	
Total capital outlay	19,192	-	19,192
Total expenditures	345,435	299,342	46,093
Revenues over (under) expenditures	-	38,729	38,729

(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, 2020

<u>Revenues over (under) expenditures</u>	<u>\$</u>	<u>-</u>	<u>38,729</u>	<u>\$</u>	<u>38,729</u>
Reconciliation from budgetary basis					
(modified accrual) to full accrual:					
Reconciling items:					
Depreciation			(181,989)		
Capital contributions			43,433		
Increase (decrease) in deferred outflows of resources - pensions			(10,409)		
(Increase) decrease in net pension liability			9,841		
(Increase) decrease in compensated absences			(2,146)		
(Increase) decrease in deferred inflows of resources - pensions			(3,428)		
Total reconciling items			(144,698)		
Change in net position			\$ (105,969)		

Town of Creswell
Water and Sewer Fund
Water Treatment Plant Improvements Capital Projects Fund
From Inception and For the Fiscal Year Ended June 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental:					
NC Department of					
Environmental Quality:					
Connect NC Bond Program:					
State Revolving Loan	\$ 188,792	\$ -	\$ 14,478	\$ 14,478	\$ (174,314)
State Revolving Grant	566,378	-	43,433	43,433	(522,945)
Total revenues	755,170	-	57,911	57,911	(697,259)
Expenditures:					
Engineering Costs	49,370	-	39,370	39,370	10,000
Administrative Costs	115,800	-	18,541	18,541	97,259
Construction	590,000	-	-	-	590,000
Total expenditures	755,170	-	57,911	57,911	697,259
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2020

<u>Fiscal Year</u>	Uncollected Balance June 30, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 93,316	\$ 91,311	\$ 2,005
2018-2019	1,354	-	741	613
2017-2018	1,385	-	772	613
2016-2017	325	-	-	325
2015-2016	287	-	-	287
2014-2015	237	-	128	109
2013-2014	111	-	-	111
2012-2013	96	-	-	96
2011-2012	96	-	-	96
2010-2011	75	-	-	75
2009-2010	40	-	40	-
	<u>\$ 4,006</u>	<u>\$ 93,316</u>	<u>\$ 92,992</u>	4,330
Less: allowance for uncollectible accounts:				
General Fund				750
Ad valorem taxes receivable - net				\$ 3,580
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 93,704
Reconciling items:				
Interest collected				(752)
Taxes written off				40
Subtotal				(712)
Total collections and credits				\$ 92,992

Town of Creswell
Analysis of Current Tax Levy – Town-Wide Levy
June 30, 2020

	Town-Wide		Total Levy		
	Property	Rate	Total	Property	Registered
	Valuation			Levy	
Original levy:					
Property taxed at current year's rate	\$ 18,663,200	0.5	\$ 93,316	\$ 84,828	\$ 8,488
<u>Total property valuation</u>	<u>\$ 18,663,200</u>				
Net levy			93,316	84,828	8,488
Unpaid (by taxpayer) taxes at June 30, 2020			(2,005)	(2,005)	-
<u>Current year's taxes collected</u>			<u>\$ 91,311</u>	<u>\$ 82,823</u>	<u>\$ 8,488</u>
<u>Current levy collection percentage</u>			<u>97.85%</u>	<u>97.64%</u>	<u>100.00%</u>