

CITY OF CREEDMOOR, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2015



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ending June 30, 2015

Board of Commissioners

Darryl D. Moss, Mayor
Herman B. Wilkerson, Mayor Pro Tem
Thomas C. Jackson
Del Mims
Jimmy Minor
Larry Robinson

Administrative and Financial Staff

Michael P. Bonfield, City Manager
Thomas H. Mercer, City Manager (retired June 30, 2015)
Korena Weichel, Assistant City Manager
Ren E. Wiles, CPA, Finance Director

Prepared by

Finance Department,
City of Creedmoor

CITY OF CREEDMOOR BOARD OF COMMISSIONERS



From Left to Right, Board of Commissioners as of June 30, 2015: Commissioner Thomas Jackson, Commissioner Jimmy Minor, Commissioner Del Mims, Mayor Darryl D. Moss, Mayor Pro Tem Herman Wilkerson, Commissioner Larry Robinson.

Cover photo: View of Lake Rogers in Creedmoor, looking north

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City of Creedmoor
North Carolina

INTRODUCTORY SECTION

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



December 14, 2015

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

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

This Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015, is intended to provide in detail how the City receives, spends, and accounts for its money. Key information of the City's financial condition is included along with selected operating measures in the Statistical Section. These measurements are specific to Creedmoor and are intended to show how well the City is meeting typical city responsibilities. In keeping with management's goal, the financial indicators and benchmarks are presented in as clear a format as possible, to be more informative and useful to the citizens of Creedmoor.

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

The City's financial statements have been audited by the independent accounting firm of Winston, Williams, Creech, Evans and Company, LLP, of Oxford, North Carolina. The objective of the independent audit is to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2015, are free of material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An annual financial audit is also required by North Carolina General Statute §159-34. The City's independent auditor concluded, based on the results of the audit procedures, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2015. An unmodified, or "clean," opinion is what all audited local governments should be working toward. The independent auditor's report is

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

The independent audit of the City's financial statements was subject to additional audit requirements from *Government Auditing Standards*, published by the federal General Accounting Office, the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Because of the level of spending of federal money on the final parts of the USDA Water and Sewer Infrastructure Improvements, combined with the federal portion of the Cross City Trails projects, the auditors were required to perform sufficient work to allow them to report on the internal controls for financial management, as well as compliance with financial related laws and regulations. The examination also extended to compliance with rules and regulations of certain federal and/or state programs. The audit firm's compliance reports, as required by these additional standards, are included in this CAFR, following the Statistical Section.

As required by GAAP, the Management Discussion and Analysis (MD&A) is presented in narrative form to introduce the basic financial statements and to provide an overview and analysis of the financial operations for the fiscal year ended June 30, 2015. This letter of transmittal is designed to complement and amplify the MD&A and should be read in conjunction with the MD&A. The MD&A is located immediately following the independent auditor's report and includes more illustrative tables than this letter of transmittal.

Financial Reporting Entity

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

Profile of the City of Creedmoor

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

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

The City of Creedmoor administers its financial and daily affairs using the Council/Manager form of government. Policy-making and legislative authority is vested in the Creedmoor Board of Commissioners (the Board), consisting of the non-voting Mayor and five Commissioners. The Mayor is elected every two years and the Commissioners to staggered four-year terms.

The Board is responsible for governing the City by adopting local ordinances, adopting an annual budget, and establishing annual property tax rates. The Board also hires the City Manager and appoints members to various other boards and commissions. The Board may also call bond referendums, enter into contracts, and establish new programs.

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

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

Factors Influencing Economic Conditions

Creedmoor's proximity to the urban core of Raleigh and Durham makes it convenient for citizens to live in the City and commute throughout the region for employment. Because of this, the City has traditionally been a bedroom community attracting highly trained and skilled professionals, consistently keeping the median household income above the state average. At this time, it is too early to evaluate the impact of SGWASA acquiring the water and sewer system; however, it is anticipated the new lower utility rate structure will have a positive impact on development.

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

City Initiatives

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

The City of Creedmoor closed the sale of the utility system to SGWASA at the end of March 2015. All water and sewer lines, pump stations, and certain equipment are now owned by SGWASA. The Authority now has a consolidated system serving the southern part of Granville County. Creedmoor netted slightly less than \$10 million in the transaction with much of that set aside for future capital needs.

As a result of the sale of the utility system, Creedmoor is well positioned financially to implement certain projects and initiatives to greatly enhance the quality of life for its residents. Renaissance Planning of Durham has been engaged to assist in developing a 10-year capital improvement plan and financial forecast. Data gathering began this fiscal year and work will

continue in the upcoming year to develop community consensus on the use of the \$10M+ funds currently earmarked for large capital projects. This does not include the \$3.8 million in utility system cash reserves accumulated by Creedmoor over its 76 years of utility service.

The development of a vibrant Recreation Department continues as a top City initiative. As part of the sale of the utility system, a new monopole cell tower was constructed and lease revenue from three service providers is now dedicated to these efforts. New programs are being implemented as part of weekly recreation opportunities as we continue to look for other opportunities to meet the needs of the community. The greatest impediment we face is the lack of a modern indoor facility which we anticipate will be a major consideration in our 10-year capital improvement plan. The City continues to invest in outdoor recreation opportunities. We are prepared to move forward with the construction of the next phase of trail development along Highway 56 and planning is underway for the greenway trail connecting Lake Rogers, Butner, and unincorporated parts of Granville County.

Awards and Accolades

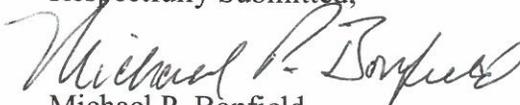
As the Board of Commissioners and management team have gone about the work of managing Creedmoor's operations and growth, milestone accomplishments were met, and professional organizations recognized Creedmoor's efforts. The City was recognized in May 2015 as the Local Government Partner of the Year Award, from the North Carolina Land Trust Council. The City has contributed to the purchase of land to be set aside for conservation purposes. The various tracts of land are mostly wet lands, providing a way to absorb and filter stormwater before it reaches Falls Lake. Some land may be used for hiking trails, however nothing substantial will be built on the land. The funding for these purchases is often a joint effort with other local governments and conservation groups. The City of Raleigh has participated in several of the purchases because Falls Lake is the source of Raleigh drinking water. The dollar amount given by Raleigh is larger, but amounts given by Creedmoor are more significant to Creedmoor's overall budget.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Creedmoor for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the sixth consecutive year that the City of Creedmoor achieved the prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully Submitted,


Michael P. Bonfield
City Manager


Ren E. Wiles, CPA
Finance Director



Government Finance Officers Association

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

Presented to

**City of Creedmoor
North Carolina**

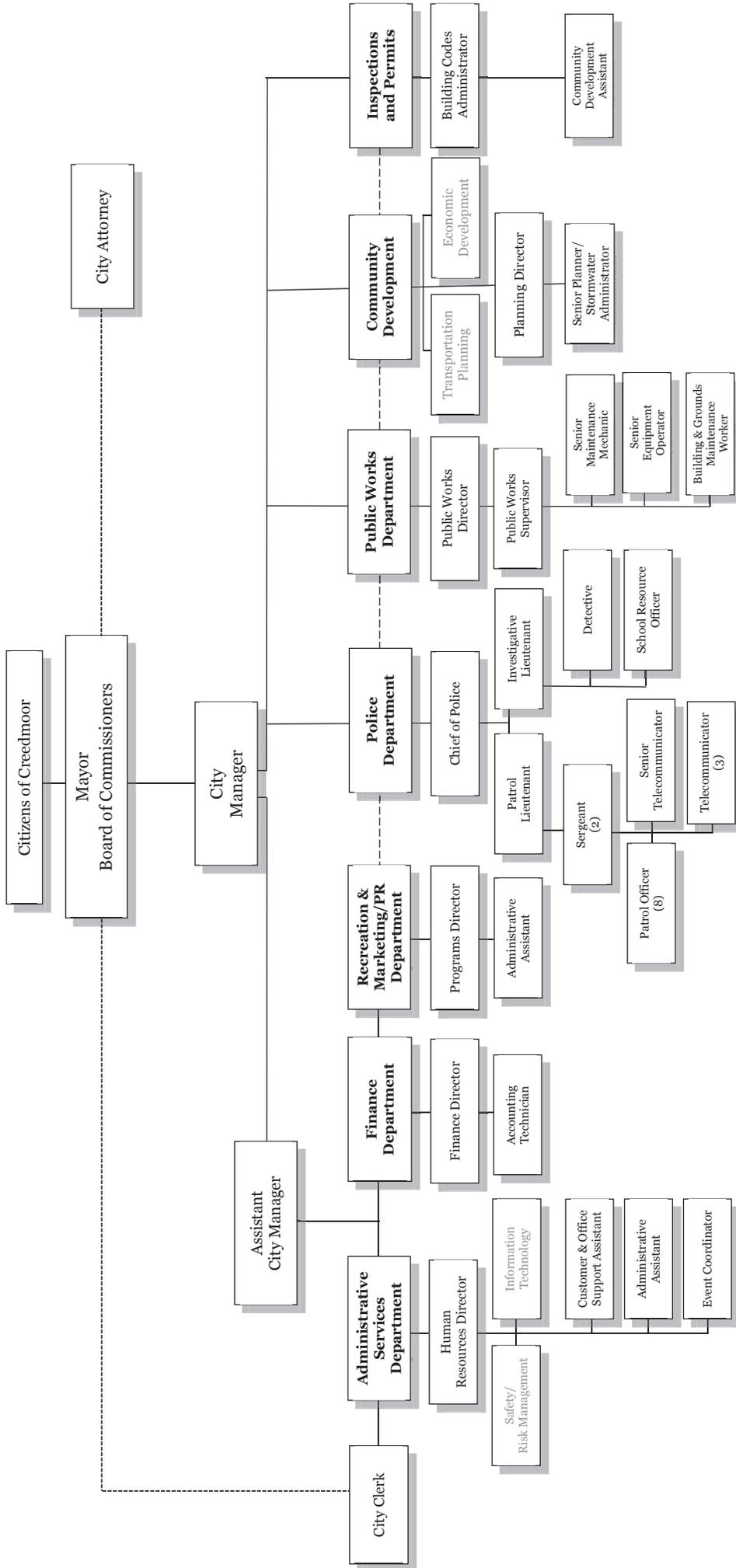
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



City of Creedmoor ORGANIZATIONAL CHART



----- Designates administrative oversight.

----- Designates statutory Board relationships.

History

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

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

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



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

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

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

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

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

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



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

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

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

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

City of Creedmoor
North Carolina

FINANCIAL SECTION

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

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

Certified Public Accountants



America Counts on CPAs

James P. Winston II, CPA
Gary L. Williams, CPA
Carleen P. Evans, CPA

Jennifer T. Reese, CPA
Curtis G. Van Horne, CPA
Cathy E. McKinley, CPA
Tara H. Roberson, CPA
K. Jamison Crampton, CPA

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Creedmoor, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

102 W. Spring Street • P.O. Box 1366 • Oxford, NC 27565 • (919) 693-5196 • fax (919) 693-7614

www.wwcecpa.com



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

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

Opinions

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Creedmoor, North Carolina, as of June 30, 2015 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 Law Enforcement Officers' and the Other Post Employment Benefit's and Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 13-24 and 77-80, respectively, the Local Government Employees; Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 81 and 82, respectively 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Creedmoor. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying schedule of expenditures of federal and state awards as required by U.S. Office and Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory information and the statistical sections have not been subjected to the auditing procedures applied in the audit of basic financial statements, and accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015 on our consideration of City of Creedmoor's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Creedmoor's internal control over financial reporting and compliance.

Winston, Williams, Creech, Evans & Company, LLP

Oxford, North Carolina

November 25, 2015

Management's Discussion and Analysis

As management of the City of Creedmoor, we offer the readers of the City of Creedmoor's financial statements this narrative overview and analysis of the financial activities of the City of Creedmoor for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

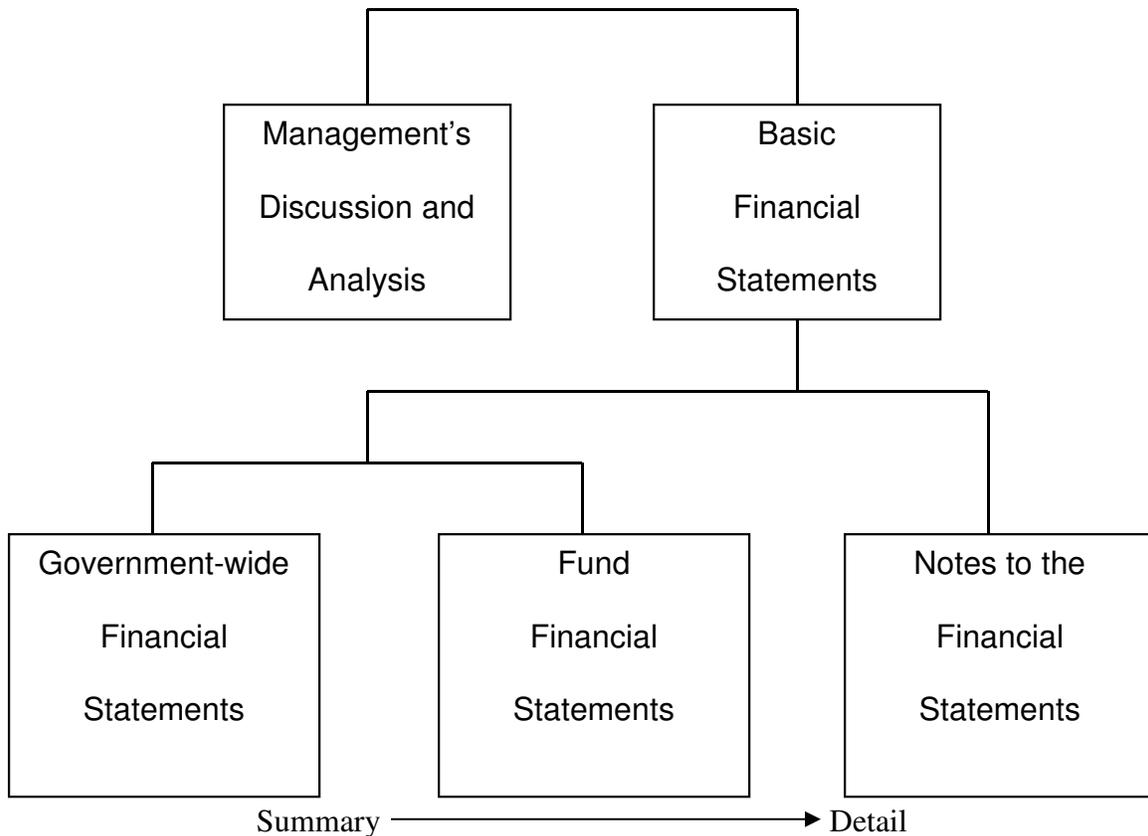
- The assets and deferred outflows of the City of Creedmoor exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$25,084,362 (*net position*).
- The government's total net position increased by \$5,954,170. A substantial portion of the increase is the gain on the sale of the water and sewer utility system to the area public authority, the South Granville Water and Sewer Authority (SGWASA). The transaction is discussed more fully later in this document.
- As of the close of the fiscal year, the City of Creedmoor's governmental funds reported combined ending fund balances of \$16,789,586, an increase of \$12,833,758 in comparison with the prior year. Of the fund balance total, approximately 37% or \$6,214,349 is Unassigned.
- At the end of the current fiscal year, fund balance available for appropriation in the General Fund was \$7,122,976, or approximately 180% of total general fund expenditures for the fiscal year. This amount includes resources available for appropriation, but legally limited to certain purposes. The latest group average for municipalities of a similar size is 72.5% of general fund spending. See Table 9 in the Statistical Section for additional discussion and detail.
- The City of Creedmoor's General Fund reported revenues over expenditures by \$132,911, before transfers from and to other funds. The General Fund received a net transfer in of \$3,762,703. This is an allocation of the proceeds of the utility sale. The money allocated and the sale of the system are discussed in more depth below.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, public works, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These included the water and sewer services offered by the City of Creedmoor. Those funds have been closed out and any assets retained by Creedmoor have been transferred to the governmental activities. Stormwater management continues in place and was not directly affected by the sale of the utility system.

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

Fund Financial Statements

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

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

The City of Creedmoor adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City,

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

Proprietary Funds – The City of Creedmoor has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Creedmoor uses enterprise funds to account for its water, sewer, and stormwater management operations. Water and sewer operations ended in late March 2015 with the execution of the sale agreement to SGWASA. The amounts shown in this CAFR are for operations up to the sale date and the final “wrap up” of accounts receivable and settlement of accounts payable. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 42 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Creedmoor’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 77 of this report.

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

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Government-Wide Financial Analysis

City of Creedmoor's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 17,212,730	\$ 4,262,049	\$ 1,172,866	\$ 3,890,507	\$ 18,385,596	\$ 8,152,556
Capital assets	7,919,141	4,585,965	-	13,588,657	7,919,141	18,174,622
Deferred outflows of resources	116,674	-	11,966	-	128,640	-
Total assets	25,248,545	8,848,014	1,184,832	17,479,164	26,433,377	26,327,178
Long-term liabilities outstanding	639,291	422,698	33,804	5,619,041	673,095	6,041,739
Other liabilities	270,173	249,734	5,357	702,723	275,530	952,457
Deferred inflows of resources	364,420	2,541	35,970	253	400,390	2,794
Total liabilities and deferred inflows of resources	1,273,884	674,973	75,131	6,322,017	1,349,015	6,996,990
Net position:						
Net investment in capital assets	7,919,141	4,585,965	-	8,068,793	7,919,141	12,654,758
Restricted	8,837,960	596,197	109,607	232,610	8,947,567	828,807
Unrestricted	7,217,560	2,990,879	1,000,094	2,855,744	8,217,654	5,846,623
Total net position	\$ 23,974,661	\$ 8,173,041	\$ 1,109,701	\$ 11,157,147	\$ 25,084,362	\$ 19,330,188

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the City of Creedmoor exceeded liabilities and deferred outflows by \$25,084,362 as of June 30, 2015. The City's net position increased by \$5,954,170 for the fiscal year ended June 30, 2015. The City's net investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items, represents 31.57% of the net position. The City of Creedmoor uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Creedmoor's net investment in capital assets is reported net of any outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. However, for Fiscal Year 2015, Creedmoor had no outstanding debt related to the capital assets. An additional portion of the City of Creedmoor's net position (35.67%) represents resources that are subject to external restrictions on how they may be used. The increase in the restricted net position is driven by the establishment of a capital reserve fund in accordance with State law [NC G.S. 159-18 and following]. \$8,000,000 of the proceeds from the sale of the utility system were deposited in the fund. North Carolina law restricts this money to future capital needs. There is no legal mechanism to return the money to the General Fund to support daily operations. The remaining balance of \$8,217,654 is unrestricted.

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

- The City continues to budget revenues and expenditures conservatively. Actual revenues were slightly ahead of budget. Significant support for the positive position came partly from the local option sales tax. The increase in funds available to distribute to municipalities is indicative of a strengthening economy. The franchise tax payments from the State were approximately \$91,000 higher than expected. A new distribution formula is favorable to Creedmoor. As part of the utility system sale, SGWASA agreed to reimburse the City up to

\$250,000 of the costs to erect a cell tower monopole to replace the decommissioned water tower. Construction was not complete until after year end. The reimbursement from SGWASA was received in early Fiscal Year 2016, following substantial completion of the cell tower. Approximately \$160K had been spent on the cell tower as of June 30, 2015.

- Operational expenditures in the General Fund were again budgeted conservatively. At year end, actual expenditures for operations exceeded the budgeted amounts by approximately \$565,000. Public works had the largest positive variance from the budgeted amount, \$128,851. This came from a combination of lapsed salary for a vacant position, garbage collection being 81% of the budgeted amount, and the deferral of sidewalk repairs.
- As part of the negotiated sale of the utility system, Creedmoor retained the cash balances at the time of closing. Accounts payable were satisfied and SGWASA remitted three months' worth of collection efforts on Creedmoor's behalf. \$3.8 million of these unrestricted funds were transferred to the General Fund at year end.

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

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City of Creedmoor Changes in Net position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for service	\$ 369,745	\$ 639,441	\$ 2,953,144	\$ 3,365,628	\$ 3,322,889	\$ 4,005,069
Operating grants & contribution	281,303	201,584	-	-	281,303	201,584
Capital grants & contributions	15,000	13,000	461,663	280,228	476,663	293,228
General revenues:						
Property taxes	2,021,066	2,073,246	-	-	2,021,066	2,073,246
Other taxes	787,411	717,193	-	-	787,411	717,193
Other	721,141	342,645	5,509	3,208	726,650	345,853
Total revenues	4,195,666	3,987,109	3,420,316	3,649,064	7,615,982	7,636,173
Expenses:						
General government	1,200,962	1,206,037	-	-	1,200,962	1,206,037
Public safety	1,565,786	1,381,334	-	-	1,565,786	1,381,334
Transportation & Public Works	692,788	747,318	-	-	692,788	747,318
Economic & Physical Development	9,226	7,455	-	-	9,226	7,455
Environmental Protection	15,600	-	-	-	15,600	-
Cultural and recreation	364,657	180,976	-	-	364,657	180,976
Water, sewer, and stormwater	-	-	3,244,470	3,226,725	3,244,470	3,226,725
Total expenses	3,849,019	3,523,120	3,244,470	3,226,725	7,093,489	6,749,845
Transfers	12,777,453	-	(12,777,453)	-	-	-
Gain on sale of utility system	-	-	5,431,677	-	5,431,677	-
Special item - land transfer	2,858,920	-	(2,858,920)	-	-	-
Increase in net position	15,983,020	463,989	(10,028,850)	422,339	5,954,170	886,328
Net position, July 1	8,173,041	7,709,052	11,157,150	10,734,811	19,330,191	18,443,863
Restatement	(181,400)	-	(18,599)	-	(199,999)	-
Net position, June 30	\$23,974,661	\$8,173,041	\$1,109,701	\$11,157,150	\$25,084,362	\$19,330,191

Governmental activities. Governmental activities increased the City's net position by \$15,983,020. This amount includes the transfer of land and cash to the governmental funds. Assigning this as a percentage of growth may not be useful in this year, with the discontinuance of operations. See Note IV **Transfers to/from Other Funds** on page 74, for a more detailed analysis of the disposition of assets in the water and sewer funds. Otherwise, the governmental activities would have added \$346,647 to the net position of Creedmoor. As discussed above, conservative budgeting and spending were a large reason for the increase in net position, excluding the sale of the utility system. Net position was restated

as part of the implementation of GASB Statements 67 and 68 for pension reporting. See Note VII **Change in Accounting Principles**/Restatement on page 76 for more details.

Business-type activities: Business-type activities decreased Creedmoor's net position by \$10,028,850. The Stormwater Management Fund had a net loss for the year of \$10,865. The remainder of the net position decrease is from the sale of the utility system, the discontinuance of water and sewer operations, and the disbursement of funds to the governmental activities.

Sale of Water and Sewer Utility System to the South Granville Water and Sewer Authority, Summary : Prior to this fiscal year, and for 9 months of this fiscal year, the City of Creedmoor provided potable water for its citizens and some customers outside city limits. The majority of those customers also received sanitary sewer service. After extensive negotiations, a sale price of \$15.6MM was reached between Creedmoor and SGWASA. Part of the price included SGWASA making payment to the USDA and State of North Carolina for Creedmoor's outstanding debt. Creedmoor received the balance of \$10,155,136 for its water and sewer lines, pump stations and associated land, and any water/sewer specific equipment. Creedmoor retained the cash balances at sale closing, any land other than that associated with pump stations, and any vehicles used for both utility work and general city work (e.g. pickup trucks). Creedmoor paid SGWASA at closing \$431,112 to cover the debt service payment associated with Creedmoor's partial year ownership of the system, reserves required by the USDA, and the balance of deposits to ultimately be returned to customers. Creedmoor had approximately \$ 13.7 million in cash at this point. The water and sewer operational funds were no longer needed and were discontinued at the end of the year. The water and sewer capital project funds retained a total of \$1 million for future water and sewer economic development purposes. There are no external restrictions on these funds. They are reported in these statements with the proprietary funds to enhance transparency. \$900K was transferred to the General Capital Project Fund in anticipation of matching requirements during the coming construction phases of assorted projects. \$8,000,000 was set aside in a new Capital Reserve Fund, established in accordance with North Carolina General Statutes for capital reserve funds [GS 159-18 through -22]. The State laws are external restrictions on this money. The fund is budgeted on a multi-year basis. Funds will be invested to maximize the once-in-a-lifetime opportunity. The remainder of the funds, \$3.8 million were transferred to the General Fund, without any external or internal limitations.

Financial Analysis of the City's Funds

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

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

The general fund is the chief operating fund of the City of Creedmoor. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$6,214,349, while total fund balance reached \$7,636,421. As a measure of the General Fund's solvency, fund balance available for appropriation is calculated in accordance with North Carolina General Statute 159-8(a). The fund balance legally available is compared to the total expenditures and transfers out from the General Fund. This calculation is promulgated by the staff of the Local Government Commission and is a generally accepted benchmark in the state. The City of Creedmoor's legal, calculated fund balance available is \$7,122,976 in the General Fund, which is 180% of the annual spending and transfers out from the fund. The latest group average for similar municipalities in the state is 72.50%, or \$2,804,766. A *very general* interpretation of this percentage is that if it had to, the City could continue to function at its current level for over a year on the cash and investments available. Revenues exceeded expenditures in the General Fund by \$3,897,745. See Table 9 for more details on the statutory calculation of fund balance available for appropriation.

The General Capital Project Fund reported a net change in fund balance of \$935,263. As noted in the summary above, of the sale of the utility system, \$900,000 of this came as a contribution during the discontinuance of water and sewer operations. During Fiscal Year 2015, three projects were underway for cross-city trails. The trails will be a mixture of sidewalks and greenways. The expenditures this year were primarily for design work. Actual construction is estimated to begin in late Fiscal Year 2016 and extend into the next year. This contribution is expected to satisfy local match requirements per the grant agreements.

At June 30, 2015, the governmental funds of City of Creedmoor reported a combined fund balance of \$16,789,586, a 324% increase over last year. As discussed above and throughout this document, the sale of the utility system and the discontinuance of water and sewer operations is responsible for such a large increase.

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

Revenues were higher than the budgeted amount by \$88,590 and expenditures for operational functions were under budget by \$565,226. The policy of taking a very conservative approach to budgeting, as implemented by the former City Manager, has continued to prove its worth. The Local Option Sales Tax alone had actual revenue \$56,339 higher than budgeted. The State of North Carolina shares franchise tax payments received on piped natural gas, electricity sold, and certain electronic communications sold within Creedmoor city limits. A change in the allocation formula worked in Creedmoor's favor. Actual Utility Franchise Tax revenues were \$91,297 higher than budgeted. Actual Ad Valorem property tax collections were \$10,335 less than budgeted (0.50%). Fiscal Year 2014 property tax included four extra collections of motor vehicle tax revenue, attributable to the implementation of the Tax & Tag Together collection program. No information was provided regarding which collections during Fiscal Year 2014 should be considered the "extra" collections. General Fund expenditures were generally moderately under budget. The Public Works Department had the most positive performance, as discussed above. The final payment for unused vacation time was made to the

former manager in July 2015. An audit adjustment was made to reclassify the expense to Fiscal Year 2015. This resulted in a negative budget performance of \$4,433. Management had anticipated such an adjustment, but the impact on the department budget was slightly underestimated. Management believes that the isolated negative budget performances are immaterial and that the approach of conservative budgeting is still putting the City in a good financial position.

Proprietary Funds. The City of Creedmoor began the year with three fully functioning proprietary funds: the Water Fund, the Sewer Fund, and the Stormwater Fund. As of June 30, 2015, only the Stormwater Management Fund remained. Expenditures in the fund exceeded revenues by \$10,865. Management feels that this is reflective of the fund growing into its full functions and purposes. Drainage maintenance continues to grow as problem areas are identified and corrected. In this past year, 24.6% of the actual spending was for drainage maintenance and repair. The water and sewer funds were closed as of June 30, 2015. The circumstances for that are discussed above.

Capital Asset and Debt Administration

Capital assets. The City of Creedmoor’s investment in capital assets for its governmental activities as of June 30, 2015, totaled \$7,919,141 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles. All business-type assets were sold to SGWASA or transferred to the governmental activities.

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

- The final work for the drainage of the sewer lagoon was completed early in the Fiscal Year. The land is not suitable for large building structures but would be appropriate for recreational purposes. This land was not transferred as part of the sale.
- The design phase of the Congestion Mitigation and Air Quality (CMAQ) grants took place during the Fiscal Year. While these are still Construction in Progress, they will extend the city sidewalks to the east and west. A separate funding source is being used to extend sidewalks south along US 15.

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 5,066,862	\$ 2,207,942	\$ -	\$ 2,274,774	\$ 5,066,862	\$ 4,482,716
Construction in progress	589,236	80,666	-	612,178	589,236	692,844
Buildings and system	967,225	1,004,121	-	-	967,225	1,004,121
Plant & Distribution Systems	-	-	-	10,598,282	-	10,598,282
Machinery and equipment	117,638	106,904	-	103,423	117,638	210,327
Vehicles and motorized equipment	195,071	175,301	-	-	195,071	175,301
Infrastructure	983,109	1,011,031	-	-	983,109	1,011,031
Total	\$ 7,919,141	\$ 4,585,965	\$ -	\$ 13,588,657	\$ 7,919,141	\$ 18,174,622

Additional information on the City’s capital assets can be found in Note III.A.4 of the Basic Financial Statements, beginning on page 55 of this document.

Long-term Debt. As of June 30, 2015, the City of Creedmoor had no bonded debt outstanding. As part of the sale of the utility system to the South Granville Water and Sewer Authority, the Authority repaid the debt to the USDA and the State of North Carolina on Creedmoor’s behalf.

City of Creedmoor’s Bonded Debt and Pension Obligations

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Notes Payable	\$ -	\$ -	\$ -	\$ 673,864	\$ -	\$ 673,864
Revenue Bond	-	-	-	4,846,000	-	4,846,000
Pension related debt	111,542	109,935	-	-	111,542	109,935
Other Post Employment Benefits	510,913	246,155	23,704	185,638	534,617	431,793
Total	\$ 622,455	\$ 356,090	\$ 23,704	\$ 5,705,502	\$ 646,159	\$ 6,061,592

The City of Creedmoor’s total bonded debt decreased \$5,519,864 during the past fiscal year. This is from the debt settlement as part of the sale to SGWASA. Pension related debt is the Law Enforcement Officers’ Special Separation Allowance. This and the Other Post Employment Benefits are included in the interest of full disclosure and transparency. These amounts are actuarial estimates, for payment over multiple years.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for City of Creedmoor is \$23,207,348.

Additional information regarding the City of Creedmoor’s long-term debt can be found in Note III.B.9 beginning on page 70 of this report.

Economic Factors and Next Year’s Budgets and Rates

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

- The City of Creedmoor is located in the southern part of Granville County, within commuting distance of the Raleigh and Durham metropolitan centers. Lower utility connection fees, implemented in the prior year spurred some small building. Local subdivisions under construction were nearly complete by year end. No other subdivisions are under development at this time.

- City staff has applied analytical procedures to the total amount of local option sales tax revenue available to Granville County to distribute among the five municipalities. That “pot of money” continues to show growth. While the amount of growth is increasing, Creedmoor’s population relative to the other four municipalities in the County has also been growing. These two factors benefit the City because Granville County apportions the funds on a per capita basis. This has been the trend for several years now.
- The Local Option Sales Tax is the City’s second biggest revenue stream and can be a measurement of economic recovery in Granville County and statewide. The allocation to Granville County, before refunds, grew 9.51% from Fiscal Year 2014 to Fiscal Year 2015.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: The tax rate in Creedmoor dropped from 70¢ per \$100 of assessed value, to 66 1/2¢. The last tax rate reduction was in Fiscal Year 2011. Recreation opportunities continue to grow and develop. Renovation of the facilities at Lake Rogers continues, with funding from Granville County. The bathrooms at the senior center are undergoing repair and redesign. The Creedmoor gym is now open several nights a week for basketball and recreation for Creedmoor citizens. A consultant is reviewing Creedmoor’s existing 10-year projections and is developing the next recommended uses for the funds from the sale of the utility system. A formal set of financial guidelines has been adopted. The City is moving towards the creation of an investment portfolio in accordance with local restrictions and North Carolina law.

Business – type Activities: Fiscal Year 2016 will be the fifth year of operation for the Stormwater Management Fund. Because of the interlocal agreement with Stem, Butner, Granville County and Person County, the Creedmoor stormwater fees are collected by the Granville County tax collector and remitted monthly to the City. Creedmoor now employs its own stormwater manager. An independent contractor previously fulfilled these duties. Approximately 80 site-specific stormwater problems have been identified and are being corrected. The Creedmoor staff are working to correct these problems “beginning upstream and going down.” Already it has been seen that correction of problems where the stormwater begins to flow reduces problems later in the water’s flow to Falls Lake. Operations are expected to continue at this level for the foreseeable future.

Requests for Information

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

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City of Creedmoor
North Carolina

**BASIC
FINANCIAL
STATEMENTS**

CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 8,431,326	\$ 1,000,094	\$ 9,431,420
Restricted cash	8,190,710	156,456	8,347,166
Taxes receivable (net)	45,012	-	45,012
Accrued interest receivable on taxes	14,643	-	14,643
Accounts receivable (net)	8,156	-	8,156
Due from other governments	350,379	1,727	352,106
Prepaid items	30,220	-	30,220
Net pension asset	142,284	14,589	156,873
Total current assets	<u>17,212,730</u>	<u>1,172,866</u>	<u>18,385,596</u>
CAPITAL ASSETS			
Land and construction in progress	5,656,098	-	5,656,098
Other capital assets, net of depreciation	2,263,043	-	2,263,043
Total capital assets	<u>7,919,141</u>	<u>-</u>	<u>7,919,141</u>
Total assets	<u>25,131,871</u>	<u>1,172,866</u>	<u>26,304,737</u>
DEFERRED OUTFLOWS OF RESOURCES			
Contribution to pension plan in current year	105,340	10,801	116,141
Change in proportion and differences in employer contributions and proportionate share of contributions	11,334	1,165	12,499
Total deferred outflows of resources	<u>116,674</u>	<u>11,966</u>	<u>128,640</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 50,417	\$ 4,404	\$ 54,821
Prior years' payroll taxes and pension payable	85,543	-	85,543
Accrued salaries	64,506	-	64,506
Accrued vacation	66,608	953	67,561
Customer deposits	2,880	-	2,880
Payable from restricted assets	219	-	219
Total current liabilities	<u>270,173</u>	<u>5,357</u>	<u>275,530</u>
NONCURRENT LIABILITIES			
Accrued vacation pay	16,836	10,100	26,936
Net pension obligation	111,542	-	111,542
Net OPEB obligation	510,913	23,704	534,617
Total non-current liabilities	<u>639,291</u>	<u>33,804</u>	<u>673,095</u>
Total liabilities	<u>909,464</u>	<u>39,161</u>	<u>948,625</u>

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

CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2015

DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	2,896	-	2,896
Unearned revenue	8,040	-	8,040
Unavailable revenue	6,704	-	6,704
Pensions-difference between actual and expected experience	15,547	1,594	17,141
Pensions-net difference between actual and expected earnings on plan investments	331,233	33,963	365,196
Prepaid stormwater fees	-	413	413
Total deferred inflows of resources	<u>364,420</u>	<u>35,970</u>	<u>400,390</u>
NET POSITION			
Net investment in capital assets	\$ 7,919,141	\$ -	\$ 7,919,141
Restricted for:			
Public safety	1,725	-	1,725
Economic development	8,000,759	-	8,000,759
Transportation	188,007	-	188,007
Stabilization by State Statute	483,225	-	483,225
Stormwater	-	109,607	109,607
Unrestricted	7,381,804	1,000,094	8,381,898
Total net position	<u>\$ 23,974,661</u>	<u>\$ 1,109,701</u>	<u>\$ 25,084,362</u>

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

**CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs	Program Revenues			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Contributions
Governmental Activities:				
General government	\$ 1,200,962	\$ 92,040		
Public Safety	1,565,786	60,021	3,287	
Transportation and public works	692,788	120,342	241,578	-
Economic and physical development	9,226	-	-	-
Environmental protection	15,600	-	-	-
Cultural and recreation	364,657	97,342	36,438	15,000
Total governmental activities	3,849,019	369,745	281,303	15,000
Business-type activities:				
Water operations	1,425,935	1,265,048	-	-
Sewer operations	1,520,237	1,400,833	-	461,663
Stormwater management	298,298	287,263	-	-
Total business-type activities	3,244,470	2,953,144	-	461,663
Total primary government	7,093,489	3,322,889	281,303	476,663

General revenues:

- Property taxes, levied for general purpose
- Other taxes
- Unrestricted intergovernmental
- Unrestricted investment earnings
- Miscellaneous

Special items:

- Gain on sale of utility system
- Land transfer

Total general revenues not including transfers

Transfers

Change in net position

Net position - beginning

Restatement

Net position - ending

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

EXHIBIT 2

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (1,108,922)	\$ -	\$ (1,108,922)
(1,502,478)	-	(1,502,478)
(330,868)	-	(330,868)
(9,226)	-	(9,226)
(15,600)	-	(15,600)
(215,877)	-	(215,877)
<u>(3,182,971)</u>	<u>-</u>	<u>(3,182,971)</u>
-	(160,887)	(160,887)
-	342,259	342,259
-	(11,035)	(11,035)
-	170,337	170,337
<u>(3,182,971)</u>	<u>170,337</u>	<u>(3,012,634)</u>
2,021,066	-	2,021,066
787,411	-	787,411
414,418	-	414,418
3,766	5,509	9,275
302,957	-	302,957
-	5,431,677	5,431,677
2,858,920	(2,858,920)	-
<u>6,388,538</u>	<u>2,578,266</u>	<u>8,966,804</u>
12,777,453	(12,777,453)	-
15,983,020	(10,028,850)	5,954,170
8,173,041	11,157,150	19,330,191
(181,400)	(18,599)	(199,999)
<u>\$ 23,974,661</u>	<u>\$ 1,109,701</u>	<u>\$ 25,084,362</u>

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

**CITY OF CREEDMOOR, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL	GENERAL CAPITAL PROJECTS FUND	CAPITAL RESERVE FUND	
ASSETS				
Cash and cash equivalents	\$ 7,279,778	\$ 1,151,548	\$ -	\$ 8,431,326
Restricted cash	189,951	-	8,000,759	8,190,710
Receivables, net:				
Taxes	45,012	-	-	45,012
Accounts	8,156	-	-	8,156
Due from other governments	349,521	858	-	350,379
Prepaid assets	30,220	-	-	30,220
Total assets	<u>\$ 7,902,638</u>	<u>\$ 1,152,406</u>	<u>\$ 8,000,759</u>	<u>\$ 17,055,803</u>
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 50,417	\$ -	\$ -	\$ 50,417
Prior years' taxes and pension payable	85,543	-	-	85,543
Accrued salaries and fringe benefits	64,506	-	-	64,506
Customer deposits	2,880	-	-	2,880
Payable from restricted cash	219	-	-	219
Total liabilities	<u>203,565</u>	<u>-</u>	<u>-</u>	<u>203,565</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	45,012	-	-	45,012
Prepaid taxes	2,896	-	-	2,896
Other deferred inflows	14,744	-	-	14,744
Total deferred inflows of resources	<u>62,652</u>	<u>-</u>	<u>-</u>	<u>62,652</u>
FUND BALANCES				
Non Spendable				
Prepaid assets	30,220	-	-	30,220
Restricted				
Public safety	1,725	-	-	1,725
Stabilization by State Statute	483,225	-	-	483,225
Streets	188,007	-	-	188,007
Economic development	-	-	8,000,759	8,000,759
Committed				
Subsequent year's expenditures	304,536	-	-	304,536
Assigned				
Public safety	24,508	-	-	24,508
Recreation	389,374	-	-	389,374
Transportation	-	1,152,406	-	1,152,406
Economic development	477	-	-	477
Unassigned	6,214,349	-	-	6,214,349
Total fund balances	<u>7,636,421</u>	<u>1,152,406</u>	<u>8,000,759</u>	<u>16,789,586</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,902,638</u>	<u>\$ 1,152,406</u>	<u>\$ 8,000,759</u>	<u>\$ 17,055,803</u>

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

**CITY OF CREEDMOOR, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Amounts reported for governmental activities in the Statement of Net Position
(Exhibit 1) are different because:

Total equity in governmental funds	\$	16,789,586
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Total capital assets		10,522,294
Less accumulated depreciation		<u>(2,603,153)</u>
		7,919,141
Net pension asset		142,284
Pension related deferred outflows		116,674
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred.		
Interest receivable		14,643
Earned revenues considered deferred inflows of resources in fund statements.		45,012
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and therefore not recorded in the fund statements		
Compensated absences		(83,444)
Net pension obligation		(111,542)
Net other post-employment benefits		<u>(510,913)</u>
		(705,899)
Pension related deferred inflows		<u>(346,780)</u>
Net position of governmental activities	\$	<u><u>23,974,661</u></u>

**CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL	GENERAL CAPITAL PROJECTS FUND	CAPITAL RESERVE FUND	
REVENUES				
Ad valorem taxes	\$ 2,047,425	\$ -	\$ -	\$ 2,047,425
Other taxes and licenses	787,411	-	-	787,411
Unrestricted intergovernmental revenues	414,418	-	-	414,418
Restricted intergovernmental revenues	216,990	241,578	-	458,568
Permits and fees	129,136	-	-	129,136
Sales and services	350,772	-	-	350,772
Investment earnings	2,854	190	759	3,803
Miscellaneous	31,534	(3,164)	-	28,370
Total revenues	<u>3,980,540</u>	<u>238,604</u>	<u>759</u>	<u>4,219,903</u>
EXPENDITURES				
Current:				
General government	1,153,785	-	-	1,153,785
Public safety	1,402,298	-	-	1,402,298
Transportation and public works	778,220	-	-	778,220
Economic and physical development	9,226	15,599	-	24,825
Culture and recreation	164,308	-	-	164,308
Capital outlay	339,792	302,492	-	642,284
Total expenditures	<u>3,847,629</u>	<u>318,091</u>	<u>-</u>	<u>4,165,720</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>132,911</u>	<u>(79,487)</u>	<u>759</u>	<u>54,183</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	3,877,453	1,014,750	8,000,000	12,892,203
Transfers to other funds	(114,750)	-	-	(114,750)
Sale of equipment	2,131	-	-	2,131
Total other financing sources (uses)	<u>3,764,834</u>	<u>1,014,750</u>	<u>8,000,000</u>	<u>12,779,584</u>
Net change in fund balance	3,897,745	935,263	8,000,759	12,833,767
Fund balance, Beginning of year - July 1	<u>3,738,676</u>	<u>217,143</u>	<u>-</u>	<u>3,955,819</u>
Fund balance, End of year - June 30	<u>\$ 7,636,421</u>	<u>\$ 1,152,406</u>	<u>\$ 8,000,759</u>	<u>\$ 16,789,586</u>

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

**CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement
of Activities

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

Net changes in fund balances - total governmental funds (Exhibit 4)	\$	12,833,767
<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 capital outlay's exceeded or (were less than) depreciation in the current period.</p>		
Capital asset expenditures, capitalized as assets in the Statement of Activities	642,284	
Land transferred to governmental activities	2,858,920	
Depreciation expense	(168,028)	3,333,176
Current year contributions to the pension plan		93,578
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (net of prior accrual).</p>		
Reversal of deferred tax revenue at 7-1-2014	(70,472)	
Tax receipts deferred in the fund statements at 6-30-2015	45,012	
Decrease in accrued interest receivable	(890)	(26,350)
<p>Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements</p>		
Compensated absences	15,223	
Other post-employment benefits	(264,758)	
Pension obligations	(1,607)	
Other	(9)	(251,151)
		\$ 15,983,020
Total changes in net position of governmental activities		

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

**CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	GENERAL FUND			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
REVENUES				
Ad valorem taxes	\$ 2,017,320	\$ 2,057,760	\$ 2,047,425	\$ (10,335)
Other taxes and licenses	731,021	727,021	787,411	60,390
Unrestricted intergovernmental revenues	347,223	339,173	414,418	75,245
Restricted intergovernmental revenues	172,190	209,109	216,990	7,881
Permits and fees	102,065	119,165	129,136	9,971
Sales and services	258,616	409,966	350,772	(59,194)
Investment earnings	3,317	3,317	2,854	(463)
Miscellaneous	24,444	26,439	31,534	5,095
Total revenues	3,656,196	3,891,950	3,980,540	88,590
EXPENDITURES				
Current:				
General government	1,374,945	1,304,815	1,183,022	121,793
Public safety	1,433,751	1,582,177	1,485,401	96,776
Transportation and public works	835,025	950,793	817,724	133,069
Economic Development	83,000	83,367	9,226	74,141
Cultural and recreation	184,382	491,703	352,256	139,447
Total expenditures	3,911,103	4,412,855	3,847,629	565,226
REVENUES OVER (UNDER) EXPENDITURES	\$ (254,907)	\$ (520,905)	\$ 132,911	\$ 653,816

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

**CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015**

	GENERAL FUND			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
OTHER FINANCING SOURCES (USES)				
Transfers from other funds		\$ 55,500	\$ 3,877,453	\$ 3,821,953
Transfers to other funds	-	(114,750)	(114,750)	-
Sale of equipment	-	2,554	2,131	(423)
SGWASA contribution	-	250,000	-	(250,000)
Total other financing sources (uses)	-	193,304	3,764,834	3,571,530
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(254,907)	(327,601)	3,897,745	4,225,346
APPROPRIATED FUND BALANCE	254,907	327,601	-	(327,601)
REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	\$ -	\$ -	\$ 3,897,745	\$ 3,897,745
Fund balance, Beginning of year - July 1			3,738,676	
Fund balance, End of year - June 30			\$ 7,636,421	

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

CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	MAJOR FUNDS			TOTAL
	WATER	SEWER	STORMWATER	
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 500,047	\$ 500,047	\$ -	\$ 1,000,094
Due from other governments	-	-	1,727	1,727
Restricted cash and investments	-	-	156,456	156,456
Total current assets	<u>500,047</u>	<u>500,047</u>	<u>158,183</u>	<u>1,158,277</u>
NONCURRENT ASSETS:				
Net pension asset	-	-	14,589	14,589
Total noncurrent assets	-	-	14,589	14,589
Total assets	<u>\$ 500,047</u>	<u>\$ 500,047</u>	<u>\$ 172,772</u>	<u>\$ 1,172,866</u>
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan	\$ -	\$ -	\$ 10,801	\$ 10,801
Change in proportion and differences in employer contributions and proportionate share of contributions	-	-	1,165	1,165
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,966</u>	<u>\$ 11,966</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 4,404	\$ 4,404
Current portion of accrued vacation	-	-	953	953
Total current liabilities	-	-	5,357	5,357
NONCURRENT LIABILITIES				
Accrued vacation pay	-	-	10,100	10,100
OPEB Accrual	-	-	23,704	23,704
Total noncurrent liabilities	-	-	33,804	33,804
Total liabilities	-	-	39,161	39,161
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals			33,963	33,963
Prepaid stormwater fees	-	-	413	413
Differences between expected and actual experience	-	-	1,594	1,594
Total deferred inflows of resources	-	-	35,970	35,970
NET POSITION				
Net investment in capital assets	-	-	-	-
Restricted:				
Stormwater	-	-	109,607	109,607
Unrestricted	500,047	500,047	-	1,000,094
Total net position	<u>\$ 500,047</u>	<u>\$ 500,047</u>	<u>\$ 109,607</u>	<u>\$ 1,109,701</u>

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

CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGE IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	ENTERPRISE FUNDS			TOTAL
	MAJOR			
	WATER	SEWER	STORMWATER	
OPERATING REVENUES				
Charges for services	\$ 1,088,883	\$ 1,241,319	\$ 287,263	\$ 2,617,465
Capacity fees	29,916	29,916	-	59,832
Taps - Connection fees	102,701	95,673	-	198,374
Other operating revenues	43,548	33,925	-	77,473
Total operating revenues	<u>1,265,048</u>	<u>1,400,833</u>	<u>287,263</u>	<u>2,953,144</u>
OPERATING EXPENSES				
Water treatment and distribution	1,003,413	-	-	1,003,413
Waste collection and treatment	-	1,166,249	-	1,166,249
Stormwater management	-	-	298,298	298,298
Depreciation and amortization	151,550	126,415	-	277,965
Total operating expenses	<u>1,154,963</u>	<u>1,292,664</u>	<u>298,298</u>	<u>2,745,925</u>
Operating income (loss)	<u>110,085</u>	<u>108,169</u>	<u>(11,035)</u>	<u>207,219</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	3,355	1,984	170	5,509
Interest and other charges	(84,805)	(56,537)	-	(141,342)
Bad debt expense	(186,167)	(171,036)	-	(357,203)
Total nonoperating revenue (expenses)	<u>(267,617)</u>	<u>(225,589)</u>	<u>170</u>	<u>(493,036)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(157,532)</u>	<u>(117,420)</u>	<u>(10,865)</u>	<u>(285,817)</u>
Capital Contributions	-	461,663	-	461,663
Gain (Loss) on sale of System	4,134,986	1,296,691	-	5,431,677
Land transfer	(2,053,817)	(805,103)	-	(2,858,920)
Transfers to other funds	(7,649,710)	(5,127,743)	-	(12,777,453)
	<u>(5,568,541)</u>	<u>(4,174,492)</u>	<u>-</u>	<u>(9,743,033)</u>
Change in net position	(5,726,073)	(4,291,912)	(10,865)	(10,028,850)
Total net position - as reported- July 1	<u>6,226,120</u>	<u>4,791,959</u>	<u>139,071</u>	<u>11,157,150</u>
Prior Period Adjustment	-	-	(18,599)	(18,599)
Total net position - ending - June 30	<u>\$ 500,047</u>	<u>\$ 500,047</u>	<u>\$ 109,607</u>	<u>\$ 1,109,701</u>

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

CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	BUSINESS-TYPE ACTIVITIES			TOTAL
	ENTERPRISE FUNDS			
	MAJOR			
	WATER	SEWER	STORMWATER	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,261,563	\$ 1,238,101	\$ 287,438	\$ 2,787,102
Cash paid for goods and services	(678,935)	(961,134)	(145,698)	(1,785,767)
Cash paid to employees for services	(113,839)	(113,840)	(142,422)	(370,101)
Customer deposits received	55,828	-	-	55,828
Customer deposits returned	(240,786)	-	-	(240,786)
Net Cash Provided (Used) By Operating Activities	<u>283,831</u>	<u>163,127</u>	<u>(682)</u>	<u>446,276</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from /(to) other funds	<u>(7,649,710)</u>	<u>(5,127,743)</u>	-	<u>(12,777,453)</u>
Total cash flows from noncapital financing activities	<u>(7,649,710)</u>	<u>(5,127,743)</u>	-	<u>(12,777,453)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on bond maturities and equipment contracts	(31,500)	(21,000)	-	(52,500)
Interest paid on bond maturities and equipment contracts	(84,805)	(56,537)	-	(141,342)
Federal Grant	-	461,663	-	461,663
Acquisition of capital assets	-	(219,830)	-	(219,830)
Sale of utility system	6,093,082	4,062,054	-	10,155,136
Amounts paid to utility system buyer	<u>(129,763)</u>	<u>(103,054)</u>	-	<u>(232,817)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>5,847,014</u>	<u>4,123,296</u>	-	<u>9,970,310</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investment	<u>3,355</u>	<u>1,984</u>	<u>170</u>	<u>5,509</u>
Net Cash Flows from Investing Activities	<u>3,355</u>	<u>1,984</u>	<u>170</u>	<u>5,509</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,515,510)	(839,336)	(512)	(2,355,358)
Cash and Cash Equivalents - Beginning of the Year	<u>2,015,557</u>	<u>1,339,383</u>	<u>156,968</u>	<u>3,511,908</u>
Cash and Cash Equivalents - End of the Year	<u>\$ 500,047</u>	<u>\$ 500,047</u>	<u>\$ 156,456</u>	<u>\$ 1,156,550</u>

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

**CITY OF CREEDMOOR, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	-	-	-	-
Reconciliation of Operating Income to Net Cash				
Provided By Operating Activities:				
Operating Income	\$ 110,085	\$ 108,169	\$ (11,035)	\$ 207,219
Adjustments to Reconcile Operating Income to Net Cash				
Provided By Operating Activities:				
Depreciation and bad debt expense	337,717	297,451	-	635,168
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	171,103	168,029	84	339,216
(Increase) decrease in due from other governments	-	36,833	13	36,846
Increase (decrease) in accounts payable	(55,073)	(345,366)	(675)	(401,114)
Customer deposits	(178,012)	-	-	(178,012)
Accrued salaries	(4,510)	(4,510)	2,131	(6,889)
Accrued vacation payable	(11,731)	(11,731)	8,672	(14,790)
Accrued OPEB liability	(85,748)	(85,748)	128	(171,368)
Total Adjustments	173,746	54,958	10,353	239,057
Net Cash Provided By Operating Activities	\$ 283,831	\$ 163,127	\$ (682)	\$ 446,276

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

City of Creedmoor
North Carolina

**NOTES TO THE FINANCIAL
STATEMENTS**

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City of Creedmoor is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally-separate entities for which the City is financially accountable. The City as of June 30, 2015 had no component units.

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange

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FOR THE FISCAL YEAR ENDED JUNE 30, 2015

transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The City reports the following major governmental funds:

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

General Capital Projects Fund – This fund is used to account for capital projects benefiting the City as a whole. The financial activity and position of this fund did not qualify it as major in FY15. The City is choosing to report this as a major governmental fund for consistency with past years and expected increased capital activity in the near future.

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

The City reports the following major enterprise funds:

Water Fund – This fund was used to account for the City’s water operations. The remaining funds shown have been set aside to fund water infrastructure costs as part of economic development. The funding came from the prior earnings from water operations. There are no external restrictions on this money.

Sewer Fund – This fund was used to account for the City’s sewer operations. The remaining funds shown have been set aside to fund sewer infrastructure costs as part of economic development. The funding came from the prior earnings from sewer operations. There are no external restrictions on this money.

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

CITY OF CREEDMOOR, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2015

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City 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 in which all eligibility requirements have been satisfied.

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

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

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as

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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 available resources to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the General Capital Project Fund, the Capital Reserve Fund, and the former utility capital project funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual budget ordinance can be adopted.

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Cash Capital Management Trust (NCCMT). The City's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT-Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Powell Bill funds are classified as restricted cash because Powell Bill funds may only be expended for the purpose of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Also, the City has accumulated State and Federal sources for the City's participation in anti-crime efforts. These funds may only be expended for the benefit of the Creedmoor Police Department. The resources in the Capital Reserve Fund are restricted by State law for capital asset purchase or construction. The specific usage of the Capital Reserve money may be amended by Board Action. As with Powell Bill funds, the Stormwater funds are restricted to the management of storm runoff and drainage.

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

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

City of Creedmoor Restricted Cash

Governmental Activities:	
Capital Reserve Fund	\$ 8,000,759
Streets (Powell Bill)	188,226
Public Safety (Police Dept.)	<u>1,725</u>
Total Governmental Activities	<u>\$ 8,190,710</u>
Business-Type Activities:	
Stormwater Fund	<u>156,456</u>
Total Business-Type Activities	<u>\$ 156,456</u>
Total Restricted Cash	<u>\$ 8,347,166</u>

4. Ad Valorem Taxes Receivables

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2014. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

The City maintains an allowance for doubtful accounts on its accounts receivable that are subject to material uncollectible amounts. The growth in the city's financial transactions necessitated the establishment of this allowance within the past three fiscal years.

6. Prepaid Items

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost threshold and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: Land, buildings, improvements, furniture, equipment, computer software, vehicles and other plant and distribution systems, \$5,000; infrastructure, \$50,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance

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NOTES TO FINANCIAL STATEMENTS
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and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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 City of Creedmoor has two items that meet this criterion, contributions made to the pension plan in the 2015 fiscal year and pension related deferred outflows from the implementation of GASB Statement 68.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has three items that meet the criterion for this category: prepaid property taxes, prepaid stormwater fees, and pension related deferred inflows from the implementation of GASB Statement 68. .

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. Bond premiums and discounts, as well as issuance costs (if any), are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

10. Compensated Absences

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

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

11. Net Position/Fund Balances

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.

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

The governmental fund types classify fund balances as follows:

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

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

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

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for law enforcement efforts. The \$1,725 represents the balance of Unauthorized Substance Tax revenue sent to the City by the State of North Carolina.

Restricted for Stabilization by State statute - portion of the total fund balance that is restricted by State statute [G.S. 159-8(a)].

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

Restricted for Economic Development - portion of the total fund balance that is restricted for capital outlay in the interest of economic development. The funds are restricted NC General Statutes 159-18 through 159-22.

Committed Fund Balance – This classification represents that portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the City of Creedmoor’s Board of Commissioners (highest level of decision making authority). Any changes or removal of a specific purpose requires majority action by the governing board. Such changes should be done through a budget amendment.

Committed for Subsequent Year’s Expenditures – portion of fund balance that is not already classified as restricted, which has been appropriated in the subsequent year’s annual budget. The Board of Commissioners approves the appropriation as part of the annual budget process and would have to take formal action to change the appropriation.

Assigned Fund Balance – This classification represents that portion of fund balance that the City of Creedmoor intends to use of a specific purpose. The City Manager makes the recommendations to the governing board regarding any revenue streams or fund balance to be assigned for a particular purpose. Fund balance assignments are discussed with the Finance and Intergovernmental Relations (FAIR) committee. As part of Creedmoor’s operational policies, the FAIR committee makes the

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NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

recommendations regarding assignments to the full Board of Commissioners. No formal action by the Board is required.

Assigned for Public Safety- portion of fund balance that is assigned to support future capital needs for the Creedmoor Volunteer Fire Department (CVFD). The City contractually provides annual operations support. Some years the CVFD requests additional funding for capital asset needs, \$14,195. Also included are certain resources, including proceeds from the sale of police assets, intended to fund future police efforts, \$ 10,313.

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

Assigned for Transportation- portion of fund balance that is assigned to support future matching requirements in CMAQ projects.

Assigned for Economic Development- portion of fund balance that represents the sale of certain promotional items, to be used for future promotional activities and/or economic development.

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

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

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

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

The City of Creedmoor has established the goal to have the Fund Balance Available (FBA) for Appropriation at 100% of that year's expenditures. FBA for Appropriation will be calculated annually in accordance with G.S. 159-8(a) and guidance provided by the State and Local Government Finance Division of the Department of the State Treasurer. This calculation will be made and reported to the Board of Commissioners as part of the annual audit presentation by the City's independent auditor. If the FBA is below 100%, the Finance Director will provide the Board with an analysis of the factors causing the drop. The Finance Director's

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report will include suggested steps to rebuild the fund balance to the 100% target within the next 36 months, or sooner. Amounts above the 100% goal may be transferred to the Capital Reserve Fund if that is the Board's direction.

12. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government 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 City of Creedmoor's employer contributions are recognized when due and the City of Creedmoor has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Reconciliation of Powell Bill resources

As reported to the NC Department of Transportation, to amount shown as *Restricted for Transportation*

Balance on Hand, as shown on FY15 Powell Bill report	\$ 187,929
Accrued salaries and expense adjustment	<u>78</u>
Restricted for Transportation	<u>\$ 188,007</u>

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2015, \$119,233 was appropriated for the City Manager department. Actual expenditures were \$123,666, or \$4,433 over appropriations. This over expenditure occurred because the former City Manager retired effective June 30, 2015. The final payment for his unused vacation time was in July 2015. An audit adjusting journal entry was made to recognize the expense in FY15. A budget amendment estimating the impact of this anticipated adjustment was adopted prior to June 30, 2015. The estimate of unused vacation time to be paid was under the actual amount.

Payments for accrued vacation at year end, to a high-earning employee, are infrequent

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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events for the City of Creedmoor. Any budget amendments for similar future payouts will include an increased contingency amount to make the estimate more conservative.

NOTE III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

At June 30, 2015, the City's deposits had a bank balance of \$ 4,626,981 and a bank balance (reconciled balance) of \$ 4,604,326. Of the bank balance, \$ 2,509,301 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2015, the City's cash on hand totaled \$200.

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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2. Investments

At June 30, 2015, the City of Creedmoor's investment balances were as follows:

Investment Type	Fair Value	Maturity	Rating
NC Capital Management Trust Fund – Cash Portfolio	\$ 710,781	N/A	AAAm
NC Capital Management Trust Fund – Term Portfolio	12,463,279	0.19 years	Unrated
Total	<u>\$ 13,174,060</u>		

Interest Rate Risk. The City has no formal policy regarding interest rate risk. As an internal management practice, investments are limited to those investments with interest adjustments made every three months or less.

Credit Risk. The City has no formal policy regarding credit risk, but internal management practices limit the City's investments to the investments allowed by G.S. 159-30. The City's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard and Poor's as of June 30, 2015. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30, as amended.

3. Receivables

Receivables presented in the Balance Sheet and the Statement of Net Position at June 30, 2015, were as follows:

Governmental Funds:	
Property Taxes Receivable	\$ 45,012
Franchise Tax Receivable	92,352
Sales Tax Receivable	207,546
Solid Waste Tax Receivable	635
ABC Distributions	12,181
Due From Other Govts	37,665
Accounts Receivable	<u>8,156</u>
Total General Fund	<u>\$ 403,547</u>
Enterprise Funds	
Stormwater Fees Receivable	\$ <u>1,727</u>
Total Enterprise Funds	<u>1,727</u>
Total	<u>\$ 405,274</u>

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2015 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
<u>Governmental activities</u>					
Capital assets not being depreciated:					
Land	\$ 2,207,942	-	-	2,858,920	\$ 5,066,862
Construction in Process	<u>80,666</u>	<u>508,570</u>	<u>-</u>	<u>-</u>	<u>589,236</u>
	2,288,608	508,570	-	2,858,920	5,656,098
Capital Assets being depreciated:					
Buildings	1,460,212	-	-	294,905	1,755,117
Other improvements	7,407	-	-	-	7,407
Equipment	779,441	50,611	-	5,691	835,743
Vehicles and motorized equipment	571,432	83,103	97,092	166,173	723,616
Infrastructure	<u>1,078,913</u>	<u>-</u>	<u>-</u>	<u>465,401</u>	<u>1,544,314</u>
Total capital assets being depreciated	3,897,405	133,714	97,092	932,170	4,866,197
Less accumulated depreciation for:					
Buildings	456,091	36,896	-	294,905	787,892
Other improvements	7,407	-	-	-	7,407
Equipment	672,537	39,877	-	5,691	718,105
Vehicles	396,131	63,333	97,092	166,173	528,545
Infrastructure	<u>67,882</u>	<u>27,922</u>	<u>-</u>	<u>465,401</u>	<u>561,205</u>
Total accumulated depreciation	<u>1,600,048</u>	<u>\$ 168,028</u>	<u>\$ 97,092</u>	<u>\$ 932,170</u>	<u>2,603,154</u>
Total capital assets being depreciated, net	<u>2,297,357</u>				<u>2,263,043</u>
Government activity capital assets, net	<u>\$ 4,585,965</u>				<u>\$7,919,141</u>

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

General government	\$ 41,264
Public Safety	65,558
Transportation	43,505
Cultural and recreational	<u>17,701</u>
Total depreciation expense	<u>\$ 168,028</u>

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
<u>Business-type activities</u>					
Water Fund:					
Capital assets not being depreciated:					
Land	<u>\$1,995,435</u>	\$ =	\$ _____ -	(<u>\$1,995,435</u>)	\$ =
Total capital assets not being depreciated	1,995,435	-	-	(\$1,995,435)	-
Capital Assets being depreciated:					
Substations, lines, etc.	6,861,288	-	6,036,911	(824,377)	-
Equipment	486,130	14,434	417,477	(83,087)	-
Other assets	<u>14,393</u>	<u>-</u>	<u>14,393</u>	<u>-</u>	<u>-</u>
Total capital assets being depreciated	7,361,811	14,434	6,468,781	(907,464)	-
Less accumulated depreciation for:					
Substations, lines, etc.	1,678,821	112,800	967,244	(824,377)	-
Equipment	394,814	38,211	349,938	(83,087)	-
Other assets	<u>2,286</u>	<u>540</u>	<u>2,826</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>2,075,921</u>	<u>\$151,550</u>	<u>\$1,320,007</u>	<u>(\$ 907,464)</u>	-
Total capital assets being depreciated, net	<u>5,285,889</u>				-
Enterprise Fund capital assets, net	<u>\$ 7,281,324</u>				<u>\$ _____</u>

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
<u>Business-type activities</u>					
Sewer Fund:					
Capital assets not being depreciated:					
Land	\$ 279,340	\$ -	\$ -	(\$279,340)	\$ -
Construction in progress	<u>612,178</u>	<u>-</u>	<u>(86,415)</u>	<u>(525,763)</u>	<u>-</u>
Total capital assets not being depreciated	891,518	-	86,415	(805, 103)	-
Capital Assets being depreciated:					
Pumping stations, lines, etc.	6,587,052	-	6,587,052	-	-
Infrastructure	-	232,964	232,964	-	-
Equipment	<u>204,864</u>	<u>-</u>	<u>121,777</u>	<u>(83,087)</u>	<u>-</u>
Total capital assets being depreciated	6,791,916	232,964	6,941,793	(83,087)	-
Less accumulated depreciation for:					
Pumping stations	1,171,237	123,017	1,294,254	-	-
Infrastructure	-	3,397	3,397	-	-
Equipment	<u>204,864</u>	<u>-</u>	<u>121,777</u>	<u>(83,087)</u>	<u>-</u>
Total accumulated depreciation	<u>1,376,101</u>	<u>\$126,414</u>	<u>\$1,419,428</u>	<u>(\$83,087)</u>	<u>-</u>
Total capital assets being depreciated, net	<u>5,415,815</u>				<u>-</u>
Enterprise Fund capital assets, net	<u>\$6,307,333</u>				<u>\$ -</u>

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**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
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5. Construction commitments

The government has active construction projects as of June 30, 2015. At year-end, the City of Creedmoor's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to date</u>	<u>Remaining Commitment</u>
CMAQ Cross Town Trail - A	\$ 130,841	\$ 1,003,159
CMAQ Cross Town Trail - B	112,332	844,668
US 15 Sidewalk project	117,303	682,697
Joint LAPP Project	16,476	94,404
Monopole construction	187,948	62,052
	<u>\$ 564,900</u>	<u>\$ 2,686,980</u>

B. Liabilities

1. Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The City of Creedmoor is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government units. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which 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.

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

**CITY OF CREEDMOOR, NORTH CAROLINA
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age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Creedmoor employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Creedmoor's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Creedmoor were \$116,141 for the year ended June 30, 2015.

Refunds of Contributions – City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state 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

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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, 2015, the City reported an asset of \$156,873 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the City's proportion was 0.027%; which was an increase of 0.001% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$12,968. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 17,141
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	365,196
Changes in proportion and differences between City contributions and proportionate share of contributions	12,499	-
City contributions subsequent to the measurement date	116,141	-
Total	<u>\$ 128,640</u>	<u>\$ 382,337</u>

\$128,640 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF CREEDMOOR, NORTH CAROLINA
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Year ended June 30:

2016	\$	(92,462)
2017		(92,462)
2018		(92,462)
2019		(92,451)
2020		-
Thereafter		-

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2014 are summarized in the following table:

**CITY OF CREEDMOOR, NORTH CAROLINA
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 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 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate. The following presents the City's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

**CITY OF CREEDMOOR, NORTH CAROLINA
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	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability (asset)	\$ 532,493	\$ (156,872)	\$ (737,296)

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

2. Law Enforcement Officers Special Separation Allowance

a. Plan Description

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

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	0
Active Plan members	<u>15</u>
Total	<u>17</u>

A separate report was not issued by the plan.

b. Summary of Significant Accounting Policies:

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

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The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 & 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

c. Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0% investment rate of return, and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The remaining amortization period is 16 years. The unfunded actuarial accrued liability is being amortized as a level dollar pay, on a closed basis.

d. Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 24,600
Interest on net pension obligation	5,497
Adjustment to annual required contribution	<u>(9,287)</u>
Annual pension cost	20,810
Employer contributions made for FYE 6/30/2014	<u>19,203</u>
Increase (decrease) in net pension obligation	1,607
Net pension obligation beginning of year	<u>109,935</u>
Net pension obligation end of fiscal year	<u>\$111,542</u>

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Fiscal Year Ending	<u>Three Year Trend Information</u>		
	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation at YE
6/30/2013	18,481	223.01%	127,990
6/30/2014	16,435	209.86%	109,935
6/30/2015	20,810	92.28%	111,542

e. Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$175,677. The covered payroll (annual payroll of active employees covered by the plan) was \$671,390, and the ratio of the UAAL to the covered payroll was 26.17%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

3. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The City of Creedmoor voluntarily contributes an amount equal to six percent of each officer's salary. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$55,624, which consisted of \$44,043 from the City and \$11,581 from the law enforcement officers.

4. Other Post-Employment Benefit

Health Care Benefits

Plan Description. The City administers a single-employer defined health care benefits plan. The City provides post-employment healthcare benefits to retirees of the City. For employees retiring July 1, 1995 and later, the City will provide health

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care insurance for those former employees who have retired under the Local Government Employees Retirement System and meet one of the following criteria, (i) are 62 or older and were previously a permanent, full time employee for at least 10 years, (ii) are 55 or older and were previously a permanent full time employee for at least 20 years, and (iii) have been a permanent, full time employee with the City for at least 30 years. (See below for certain limitations.) Retirees may purchase additional coverage for spouses and dependents.

The City pays the full cost of coverage for employees' benefits, and employees have the option of purchasing coverage at the City's group rates. Employees hired after July 1, 2011 will receive retiree health insurance as described in the preceding paragraph until Medicare eligibility only. Employees hired on or after July 1, 2013 are not eligible for retiree health insurance. A separate report was not issued for the plan.

As of December 31, 2014 (latest available information), membership in the plan consisted of:

	General Employees	Law Enforcement Officers
Retirees receiving benefits	6	3
Active plan members	17	9
Total	23	12

Funding Policy. The latest Annual Required Contribution is 14.67% of covered payroll. The City obtains healthcare coverage through the North Carolina League of Municipalities. There were no contributions made by employees. The City's contribution totaled \$83,278. The City's obligation to contribute to the benefit is established and may be amended by the City Board of Commissioners.

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

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty

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years. The following table shows the components of the City's annual OPEB cost for the year, the amount contributed to the plan and changes in the City's net OPEB for healthcare benefits.

Employer annual required contribution	\$ 192,840
Interest on net OPEB obligation	17,272
Adjustment to annual required contribution	<u>(24,010)</u>
Annual OPEB cost	186,102
Contributions made	<u>(83,278)</u>
Increase (Decrease) in Net OPEB obligation	102,824
Net OPEB obligation, beginning of year	<u>431,793</u>
Net OPEB obligation, end of year	<u><u>\$ 534,617</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 were as follows.

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	154,100	44.0%	361,561
6/30/2014	152,787	54.0%	431,793
6/30/2015	186,102	44.7%	534,617

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial liability for benefits and thus, the unfunded actuarial accrued liability (UAAL) was \$2,000,267. The covered payroll (annual payroll of active employees covered by the plan) was \$1,241,308 and the ratio of the UAAL to the covered payroll was 161.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer

**CITY OF CREEDMOOR, NORTH CAROLINA
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and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value asses, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return, which is the expected long-term investment rate of return on the employer’s own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of (i) 7.5% to 5.0%, Pre-Medicare, and (ii) 5.5% to 5.0%, Post-Medicare, annually. The investment rate included a 3.00% inflation assumption. The UAAL is being amortized as a level dollar amount, on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

Death Benefit Plan The City provides death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Government Employees’ Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those officers who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee’s 12 highest months salary in a row during the 24 months prior to the employee’s death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The City considers these contributions immaterial.

For the fiscal year ended June 30, 2015, the City made contributions to the State for death benefits of \$-0-. The City’s required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

No. Years Contributing	Years Relief	FY Contributions Resume
10 - 20	2	2015
20 or more	3	2016

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The period of reprieve is determined separately for law enforcement officers. Contributions will resume in the fiscal year beginning July 1, 2015.

5. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; injuries to employees; and natural disasters. The City participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of 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 City upon request.

The City carried builders risk insurance, through a commercial agent, as part of the USDA water and sewer rehabilitation project. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. That project is complete.

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

6. Deferred Outflows and Inflows of Resources

For the fiscal year ended June 30, 2015, the City had several deferred outflows of resources

Source	Amount
Contribution to pension plan in current year	\$ 116,141
Other pension deferral	<u>12,499</u>
	<u>\$ 128,640</u>

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

Source	Amount
Prepaid taxes	\$ 2,896
Unearned revenue	8,040
Unavailable revenue	6,704
Prepaid stormwater fees	413
Pension deferrals	<u>382,337</u>
	<u>\$ 400,390</u>

7. Claims, Judgments and Contingent Liabilities

During the year ended June 30, 2015, the City consulted attorneys on various legal matters. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

8. Commitments

The City has two commitments to the Creedmoor Volunteer Fire Department Inc. The first commitment is for fire protection for Fiscal Year 2016 in the amount of \$109,955 for operational needs. The second commitment is to accumulate funds for future fire related capital outlay purposes. The City has assigned \$14,195 for future needs as of June 30, 2015.

9. Long-Term Obligation

a. Revenue Bond

\$4,965,000 Revenue Bond. Serviced 60% by the Water Fund and 40% by the Sewer Fund.

As part of the Asset Purchase Agreement (APA) between Creedmoor and the South Granville Water and Sewer Authority (SGWASA), SGWASA paid the remaining balance of \$4,846,000 to the US Department of Agriculture (USDA). The USDA entered into a separate, similar revenue bond agreement with SGWASA.

b. State Revolving Loan

\$842,495 Sewer Revolving Loan issued January 26, 2011, by the North Carolina Department of Environment and Natural Resources (DENR).

As part of the APA, SGWASA paid the remaining balance of \$673,864 to the NC Department of Environment and Natural Resources. DENR entered into a separate, similar revolving loan agreement with SGWASA.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

c. Changes in General Long-Term Liabilities

<i>Governmental Activities</i>	General Long-term Debt Balance, <u>7/1/2014</u>	<u>Additions</u>	<u>Retirements</u>	General Long-term Debt Balance, <u>6/30/2015</u>	Current Portion of <u>Balance</u>
LEO Pension	109,935	20,810	19,203	111,542	--
OPEB obligations	246,155	264,758	--	510,913	--
Compensated Absences	<u>98,667</u>	<u>95,813</u>	<u>111,036</u>	<u>83,444</u>	<u>66,608</u>
Totals	<u>\$ 454,757</u>	<u>\$ 381,381</u>	<u>\$ 130,239</u>	<u>\$ 705,899</u>	<u>\$ 66,608</u>
<i>Water Fund</i>	General Long-term Debt Balance, <u>7/1/2014</u>	<u>Additions</u>	<u>Retirements</u>	General Long-term Debt Balance, <u>6/30/2015</u>	Current Portion of <u>Balance</u>
Revenue					
Bond (60%)	2,907,600	--	2,907,600	--	--
OPEB Obligations	85,748	--	85,748	--	--
Compensated Absences	<u>11,731</u>	--	<u>11,731</u>	--	--
Totals	<u>\$3,005,079</u>	<u>\$ --</u>	<u>\$ 3,005,079</u>	<u>\$ --</u>	<u>\$ --</u>

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<i>Sewer Fund</i>	General Long-term Debt Balance, <u>7/1/2014</u>	<u>Additions</u>	<u>Retirements</u>	General Long-term Debt Balance, <u>6/30/2015</u>	Current Portion of <u>Balance</u>
Revenue					
Bond (40%)	1,938,400	--	1,938,400	--	--
State					
Revolving					
Loans	673,864	--	673,864	--	--
OPEB					
Obligations	85,748	--	85,748	--	--
Compensated					
Absences	<u>11,731</u>	--	<u>11,731</u>	--	--
Totals	<u>\$2,709,743</u>	<u>\$ --</u>	<u>\$ 2,709,743</u>	<u>\$ --</u>	<u>\$ --</u>

<i>Stormwater Fund</i>	General Long-term Debt Balance, <u>7/1/2014</u>	<u>Additions</u>	<u>Retirements</u>	General Long-term Debt Balance, <u>6/30/2015</u>	Current Portion of <u>Balance</u>
OPEB					
Obligations	\$ 14,142	\$9,562	\$ -	\$23,704	--
Compensated					
Absences	<u>2,381</u>	<u>11,053</u>	<u>2,381</u>	<u>11,053</u>	953
Totals	<u>\$ 16,523</u>	<u>\$ 20,615</u>	<u>\$ 2,381</u>	<u>\$ 34,757</u>	\$ 1,428

Compensated absences, pension obligations and other post-employment benefits for governmental activities have typically been liquidated in the General Fund.

As noted in Management's Discussion and Analysis, the City of Creedmoor's water and sewer utility system was sold. Existing debt was repaid by the purchasing Authority on behalf of Creedmoor. The City is no longer engaged in water or sewer utility services, thus all long-term obligations have been reduced to zero.

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

d. Fund Balance

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

Total Fund Balance – General Fund	<u>\$7,636,421</u>
Less:	
Prepaid assets	30,220
Stabilization by State Statute	483,225
Appropriated in subsequent year	304,536
Streets – Powell Bill *	188,007
Public safety *	26,233
Economic development	477
Recreation *	<u>389,374</u>
<i>Unassigned Fund Balance</i>	<u>\$6,214,349</u>

The items above, marked with an *, may be appropriated in the City’s budget, but only for limited purposes. The City’s Board of Commissioners had not adopted a formal fund balance policy as of June 30, 2015. See Note VI Events Occurring After Reporting Date. In July 2015, the Board adopted financial guidelines, including fund balance goals and policies.

Encumbrances

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

<u>General Fund</u>	<u>Stormwater</u>
\$110,072	-0-

e. Net Investment in Capital Assets

	Governmental Activities	Business-type Activities
Capital Assets	\$ 7,919,141	\$ --
less:		
Long-term debt associated with capital assets	----- --	----- --
	<u>\$ 7,919,141</u>	<u>\$ --</u>

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE IV TRANSFERS TO/FROM OTHER FUNDS

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

<u>FROM:</u>	<u>TO:</u>								
	General Fund	General Capital Projects	Water Operations	Water Capital Projects	Sewer Operations	Sewer Capital Projects	Capital Reserve Fund	Stormwater Fund	Totals
General Fund		114,750	--	--	--	--	--	--	<u>\$114,750-</u>
General Capital Projects	--		--	--	--	--	--	--	<u>\$ --</u>
Water Operations	2,399,710	450,000		500,000	--	--	4,800,000	--	<u>\$8,149,710</u>
Water Capital Projects	--	--	--		--	--	--	--	<u>\$ --</u>
Sewer Operations	1,477,743	450,000	--	--		500,000	3,200,000	--	<u>\$5,627,743</u>
Sewer Capital Project	--	--	--	--	--		--	--	<u>\$ --</u>
Capital Reserve Fund	--	--	--	--	--	--		--	<u>\$ --</u>
Stormwater Fund	--	--	--	--	--	--	--		<u>\$ --</u>
Totals	<u>\$3,877,453</u>	<u>\$1,014,750</u>	<u>\$ --</u>	<u>\$500,000</u>	<u>\$ --</u>	<u>\$500,000</u>	<u>\$8,000,000</u>	<u>\$--</u>	<u>\$13,892,203</u>

Transfers are used to move unrestricted resources to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs. Significant transfers included:

- Following the sale of the Water Fund and Sewer Fund utility systems to SGWASA, the two funds had approximately \$13.7 million in sale proceeds and cash on hand at the time of closing.
 - \$8 million was set aside in the newly established Capital Reserve Fund. This fund was established in accordance with NC General Statute 159-18 and following. These funds may only be used for capital asset purposes; the funds cannot legally be used for ongoing operations.
 - \$1 million of the funds from utility operations were retained in the Water and Sewer Capital Project Funds. These resources are unrestricted. They are intended to be used for water and sewer economic development assistance.
 - \$900,000 was transferred to the General Capital Projects Fund in anticipation of the construction phases of the various city-wide trails.
 - The balance of the funds (\$3.8 million) were transferred to the General Fund.

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

- \$114,750 was transferred from the General Fund to the General Capital Projects Fund to accumulate matching funds for the coming cross-city trail projects (commonly known as CMAQ 2 and CMAQ 3).

NOTE V - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE VI – SPECIAL ITEMS

Exhibit 2 includes two significant, but infrequent, events that were under management control. Accordingly, these amounts are shown as Special Items. As noted throughout the CAFR, the City sold its water and sewer utility system. As part of the terms, certain land accounted for in the water and sewer funds was not sold to the local water and sewer authority. The transfer of that land to the governmental activities increased the governmental activities net position by \$2,858,920. Any equipment retained by Creedmoor at the sale date was fully depreciated and did not impact the net position. Also, \$5,431,677 is shown as a gain on the disposition of the system. The negotiated sales price and the debt paid on behalf of Creedmoor both contributed to the gain.

NOTE VII – EVENTS OCCURRING AFTER REPORTING DATE

The City has evaluated events and transactions that occurred between June 30, 2015 and November 25, 2015, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. The following event is described herein for a full understanding of the City's financial position.

As described in Note I. B., the amounts shown in the Water Fund and the Sewer Fund are amounts set aside by the governing board for future economic development efforts. The funds are reported as proprietary funds for clarity in these financial statements. These funds will be reported as governmental funds in future years.

The City of Creedmoor adopted a Financial Guidelines Policy in July 2015. Part of the policy sets up Creedmoor specific guidelines for investments, within the State allowed investments. Additionally, the Guidelines state that the City has set a goal

**CITY OF CREEDMOOR, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

of maintaining 100% Fund Balance Available for Appropriation in the General Fund. The calculation will be done in accordance with General Statute 159-8(a) and the guidance from the Local Government Commission. The Guidelines also require a report to the Board of Commissioners at the time the auditor presents the results of the audit. Should the Fund Balance Available be less than 100%, the Finance Director will provide in the report the causes for this drop and what remedial actions may be available to the Board to return the Fund Balance Available to 100% within three years.

NOTE VIII – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The City implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the City to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$181,400 and \$18,599, respectively.

**CITY OF CREEDMOOR, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/09	-	236,631	236,631	0.00%	630,048	37.56%
12/31/10	-	214,316	214,316	0.00%	546,778	39.20%
12/31/11	-	194,963	194,963	0.00%	541,508	36.00%
12/31/12	-	192,238	192,238	0.00%	482,459	39.85%
12/31/13	-	180,686	180,686	0.00%	535,149	33.76%
12/31/14	-	\$ 175,677	\$ 175,677	0.00%	\$ 671,390	26.17%

**CITY OF CREEDMOOR, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	19,724	165.59%
2011	22,322	146.31%
2012	19,733	165.51%
2013	18,481	223.01%
2014	16,435	209.86%
2015	\$ 20,810	92.28%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuation following:

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25 - 7.85%
*Includes inflation at	3.00%
Cost-of-living adjustments	n/a

**CITY OF CREEDMOOR, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) -Projected Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/08	-	1,844,711	1,844,711	0.00%	1,377,207	133.95%
12/31/10	-	2,032,196	2,032,196	0.00%	1,353,555	150.14%
12/31/11	-	1,759,007	1,759,007	0.00%	1,346,130	130.67%
12/31/12	-	1,836,694	1,836,694	0.00%	1,323,853	138.74%
12/31/2013*	-	1,933,090	1,933,090	0.00%	1,369,445	141.16%
12/31/2014*	-	2,000,267	2,000,267	0.00%	1,241,308	161.14%

* = The plan is closed to new entrants as of July 1, 2013. The covered payroll displayed excludes members who are ineligible for benefits due to the closure of the Plan.

**CITY OF CREEDMOOR, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2013	154,100	44.04%
2014	152,787	54.03%
2015	186,102	44.70%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuation following:

Valuation date	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar amount, open
Remaining amortization period	30 years
Amortization factor	17.9837
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	
Pre-Medicare trend rate	7.50% - 5.00%
Post-Medicare trend rate	5.50% - 5.00%
Year of Ultimate trend rate	2020
*Includes inflation at	3.00%

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2015</u>	<u>2014</u>
Creedmoor's share of the net pension liability (asset) as a percentage.	(0.02660%)	0.02570%
Creedmoor's share of the net pension liability (asset) as a dollar amount	\$ (156,872)	\$ 309,784
Creedmoor's covered-employee payroll	1,492,642	1,364,249
Creedmoor's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll.	-10.51%	22.71%
Plan fiduciary net position as a percentage of the total pension liability.	102.64%	94.35%

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2015</u>	<u>2014</u>
Contractually required contribution.	\$ 109,786	\$ 106,883
Contributions in relation to the contractually required contribution.	<u>116,141</u>	<u>106,883</u>
Contribution deficiency (excess)	<u>\$ 6,355</u>	<u>\$ -</u>
Creedmoor's covered-employee payroll	1,612,971	1,492,642
Contributions as a percentage of covered-employee payroll	7.20%	7.16%

City of Creedmoor
North Carolina

**COMBINING AND INDIVIDUAL
FUND SCHEDULES**

CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
With Comparative Totals for the Year ended June 30, 2014

	2015		VARIANCE POSITIVE (NEGATIVE)	2014
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Ad valorem taxes				
Taxes	\$ 2,041,260	\$ 2,035,594		\$ 2,086,537
Penalties and interest	16,500	11,831		15,197
Total	<u>2,057,760</u>	<u>2,047,425</u>	(10,335)	<u>2,101,734</u>
Other taxes and licenses				
Local option sales tax	710,796	767,135		692,508
Local ABC revenues	15,725	19,749		19,806
Privilege licenses	500	527		4,879
Total	<u>727,021</u>	<u>787,411</u>	60,390	<u>717,193</u>
Unrestricted intergovernmental				
Utility franchise tax	302,665	393,962		309,687
Sales tax refund	16,058	-		-
Beer and wine tax	20,450	20,456		18,473
Total	<u>339,173</u>	<u>414,418</u>	75,245	<u>328,160</u>
Restricted intergovernmental				
"State Street Aid" grant	117,500	117,536		114,228
South Granville SRO	60,000	60,021		58,837
Solid waste disposal	2,690	2,768		2,580
Granville County recreation grant	26,000	33,768		22,156
Unauthorized Substance Tax	100	78		235
Other grant revenue	2,819	2,819		2,000
Total	<u>209,109</u>	<u>216,990</u>	7,881	<u>200,036</u>
Permits and fees				
City tags	32,500	37,096		45,050
Inspection fees	86,665	92,040		73,319
Total	<u>119,165</u>	<u>129,136</u>	9,971	<u>118,369</u>
Sales and services				
Cable franchise	11,500	11,736		11,554
Garbage fees	293,750	239,749		346,879
Police officer fees	1,350	1,943		4,927
Rent-gym	6,800	7,348		6,409
Rent-ball field	1,100	540		520
Concessions and boat rental	11,700	7,380		7,378
Cell tower lease	83,766	82,076		82,197
Total	<u>409,966</u>	<u>350,772</u>	(59,194)	<u>459,864</u>

CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
With Comparative Totals for the Year ended June 30, 2014

	2015		VARIANCE POSITIVE (NEGATIVE)	2014
	BUDGET	ACTUAL		ACTUAL
Investment earnings				
General Fund	3,100	2,619		2,865
Powell Bill	15	38		17
Recreation Fund	202	197		255
Total	3,317	2,854	(463)	3,137
Miscellaneous				
Music Festival	10,750	9,690		10,750
Fireworks	7,000	7,980		7,180
Miscellaneous	8,689	13,864		15,569
Total	26,439	31,534	5,095	33,499
Total revenues	3,891,950	3,980,540	88,590	3,961,992
EXPENDITURES				
General government				
Governing Body				
Salaries and benefits	43,766	41,183		40,826
Other operating expenditures	55,362	30,215		49,835
Total governing body	99,128	71,398	27,730	90,661
City Manager				
Salaries and benefits	112,033	118,543		64,018
Other operating expenditures	7,200	5,123		3,035
Total city manager	119,233	123,666	(4,433)	67,053
City Clerk				
Salaries and benefits	58,733	59,148		29,749
Other operating expenditures	32,500	14,829		10,572
Total city clerk	91,233	73,977	17,256	40,321
Administration				
Salaries and benefits	127,665	126,487		157,335
Other operating expenditures	272,876	242,283		221,587
Capital outlay	42,851	29,237		15,596
Total administration	443,392	398,007	45,385	394,518
Legal Services				
Other operating expenditures	64,000	42,556		60,367
Total legal services	64,000	42,556	21,444	60,367

CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
With Comparative Totals for the Year ended June 30, 2014

	2015		VARIANCE POSITIVE (NEGATIVE)	2014
	BUDGET	ACTUAL		ACTUAL
Finance				
Salaries and benefits	113,897	118,738		114,529
Other operating expenditures	100,025	90,910		103,463
Total finance	213,922	209,648	4,274	217,992
Planning & Development				
Salaries and benefits	100,186	111,027		71,624
Other operating expenditures	173,721	152,743		157,749
Total planning & development	273,907	263,770	10,137	229,373
Total general government	1,304,815	1,183,022	121,793	1,100,285
Public Safety				
Police				
Salaries and benefits	1,206,315	1,132,414		1,024,153
Vehicle maintenance	23,240	30,981		20,518
Other operating expenditures	181,141	149,803		166,473
Public safety-fire	89,100	89,100		81,480
Capital outlay	82,381	83,103		94,217
Total public safety	1,582,177	1,485,401	96,776	1,386,841
Transportation and Public Works				
Inspections				
Salaries and benefits	90,564	93,477		39,440
Other operating expenditures	9,225	4,766		5,252
Total inspections	99,789	98,243	1,546	44,692
Public Works				
Salaries and benefits	58,216	73,301		102,477
Street & sidewalk, construction and maintenance	50,000	3,916		6,669
Vehicle maintenance	13,612	7,783		6,989
Refuse collection	293,750	237,861		319,938
Other operating expenditures	254,911	240,273		233,999
Capital outlay	61,000	39,504		-
Total public works	731,489	602,638	128,851	670,072

CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
With Comparative Totals for the Year ended June 30, 2014

	2015		VARIANCE POSITIVE (NEGATIVE)	2014
	BUDGET	ACTUAL		ACTUAL
Powell Bill				
Salaries and benefits	14,591	13,769		7,361
Other operating expenditures	104,924	103,074		17,433
Total Powell Bill	119,515	116,843	2,672	24,794
Total transportation and public works	950,793	817,724	133,069	739,558
Economic Development				
Other operating expenditures	83,367	9,226		7,455
Total economic development	83,367	9,226	74,141	7,455
Culture and recreation				
Parks and recreation				
Salaries and benefits	61,282	43,486		46,374
Programming	10,500	16,890		32,781
Site specific operations	135,321	70,597		48,658
Event support	34,600	33,335		29,967
Capital outlay	250,000	187,948		37,023
Total culture and recreation	491,703	352,256	139,447	194,803
Total expenditures	\$ 4,412,855	\$ 3,847,629	\$ 565,226	\$ 3,428,942
Revenues over (under) expenditures	\$ (520,905)	\$ 132,911	\$ 653,816	\$ 533,050

CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
With Comparative Totals for the Year ended June 30, 2014

	2015		VARIANCE POSITIVE (NEGATIVE)	2014
	BUDGET	ACTUAL		ACTUAL
Other Financing Sources (Uses)				
Transfers from Other Funds				
Water Operations Fund	28,500	2,399,710		-
Sewer Operations Fund	27,000	1,477,743		-
Transfers to Other Funds				
General Capital Project Fund	(114,750)	(114,750)		(147,300)
Sale of equipment	2,554	2,131		8,018
SGWASA Contribution	250,000	-		-
Total other financing sources (uses)	<u>193,304</u>	<u>3,764,834</u>	<u>3,571,530</u>	<u>(139,282)</u>
FUND BALANCE APPROPRIATED	<u>327,601</u>	<u>-</u>	<u>(327,601)</u>	<u>-</u>
EXCESS OF REVENUES, APPROPRIATED FUND BALANCE, AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>3,897,745</u>	<u>\$ 3,897,745</u>	<u>\$ 393,768</u>
FUND BALANCES				
Beginning of year		<u>3,738,676</u>		
End of year		<u>\$ 7,636,421</u>		

CITY OF CREEDMOOR, NORTH CAROLINA
GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	PROJECT AUTHORIZATION	PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
Revenues - General Government Projects					
Restricted Intergovernmental					
State Grant-CMAQ 2, C-5166A	907,200	9,850	94,798	104,648	(802,552)
State Grant-CMAQ 3, C-5166B	765,600	6,116	83,725	89,841	(675,759)
Federal Grant-US 15 Sidewalk	560,000	24,609	50,444	75,053	(484,947)
State Grant-US 15 Sidewalk	140,000	6,152	12,611	18,763	(121,237)
Assessments					
Owner Assessments	55,000	3,164	(3,164)	-	(55,000)
Investment Earnings					
	-	424	190	614	614
Total Revenues	2,427,800	50,315	238,604	288,919	(2,138,881)
Expenditures - General Government Projects					
CMAQ 2, C-5166A	1,134,000	12,343	118,498	130,841	1,003,159
CMAQ 3, C-5166B	957,000	7,676	104,656	112,332	844,668
US 15 Sidewalk	800,000	38,482	78,821	117,303	682,697
Nuisance Building Demolition	55,000	14,007	15,600	29,607	25,393
LAPP Project - U-5530	110,880	15,960	516	16,476	94,404
Ten-Year Plan Review & Eng.	150,000	-	-	-	150,000
Total Expenditures	3,206,880	88,468	318,091	406,559	2,800,321
Revenues over (under) expenditures	(779,080)	(38,153)	(79,487)	(117,640)	(4,939,202)
Other Financing Sources (uses)					
Transfer from General Fund	629,080	255,296	114,750	370,046	(259,034)
Transfer from Water Ops	75,000	-	450,000	450,000	375,000
Transfer from Sewer Ops	75,000	-	450,000	450,000	375,000
Total Other Financing Sources (uses)	779,080	255,296	1,014,750	1,270,046	490,966
Revenues and other sources over (under) expenditures	\$ -	\$ 217,143	\$ 935,263	\$ 1,152,406	\$ (4,448,236)

**CITY OF CREEDMOOR, NORTH CAROLINA
CAPITAL RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015**

	PROJECT AUTHORIZATION	PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
Revenues - Capital Reserve Fund					
Investment Earnings	\$ -	\$ -	\$ 759	\$ 759	\$ 759
Total Revenues	-	-	759	759	759
Other Financing Sources (uses)					
Transfer from Water Operations	4,800,000	-	4,800,000	4,800,000	-
Transfer from Sewer Operations	3,200,000	-	3,200,000	3,200,000	-
Transfer to General Fund (Economic Development)	(8,000,000)	-	-	-	8,000,000
Subtotal Other Financing Sources (uses)	-	-	8,000,000	8,000,000	8,000,000
Revenues and other financing sources and (uses)	\$ -	\$ -	\$ 8,000,759	\$ 8,000,759	\$ 8,000,759

CITY OF CREEDMOOR, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
With Comparative Totals for the Year ended June 30, 2014

	BUDGET	2015 ACTUAL	VARIANCE POSITIVE (NEGATIVE)	2014
REVENUES:				
Water sales	\$ 961,288	\$ 1,088,883		\$ 1,347,032
Capacity fees	24,620	29,916		28,303
Water taps	102,667	102,701		41,241
Other operating revenues	32,648	43,548		39,494
Total operating revenues	1,121,223	1,265,048	143,825	1,456,070
Nonoperating revenues				
Sales tax refund	-	-		4,220
Interest earnings	417	2,865		905
Sale of capital assets	3,447,689	6,061,695		-
Total nonoperating revenues	3,448,106	6,064,560	2,616,454	5,125
Total revenues	4,569,329	7,329,608	2,760,279	1,461,195
EXPENDITURES				
Water treatment, distribution and administration				
Salaries & wages	126,336	113,839		164,019
Employee retirement	14,960	13,475		16,876
Payroll taxes	9,144	8,209		10,385
Employee insurance	21,510	19,361		25,097
Lights and power	9,583	7,833		19,682
Chemicals & supplies	4,122	1,804		3,350
Vehicle & machinery	625	108		2,379
Repairs to system & meters	136,502	102,117		31,681
Lab supplies	1,596	533		2,729
Office supplies & expense	450	4,454		384
Engineering & professional services	8,565	25,422		34,060
Telephone	747	707		964
Equipment service agreement	1,042	713		2,217
Fees	3,897	2,997		3,771
Water purchased	631,500	486,972		742,537
Utility mailing service	6,003	7,062		7,331
Other	9,250	14,370		4,278
Permits	1,542	2,270		1,460
Insurance	5,000	5,000		5,000
Total water treatment, distribution and administration	992,374	817,246	175,128	1,078,200

CITY OF CREEDMOOR, NORTH CAROLINA
WATER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
With Comparative Totals for the Year ended June 30, 2014

	BUDGET	2015 ACTUAL	VARIANCE POSITIVE (NEGATIVE)	2014
Debt service:				
Interest and other charges	90,830	84,805		103,047
Principal retirement	2,907,600	31,500		36,600
Total debt service	<u>2,998,430</u>	<u>116,305</u>	2,882,125	<u>139,647</u>
 Total expenditures	 <u>3,990,804</u>	 <u>933,551</u>	 <u>3,057,253</u>	 <u>1,217,847</u>
 Revenues over (under) expenditures	 <u>578,525</u>	 <u>6,396,057</u>	 <u>5,817,532</u>	 <u>243,348</u>
 OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-			-
Transfer to General Fund	(28,500)	(2,299,710)	-	-
Transfer to General Capital Projects	(75,000)	(450,000)		-
Transfer to Capital Reserve Fund	-	(4,800,000)		-
Transfer to Water CIP Fund	(505,025)	(500,000)		(100,000)
Transfer to Recreation.	-	(100,000)		-
Total Other Financing Sources (Uses)	<u>(608,525)</u>	<u>(8,149,710)</u>	<u>(7,541,185)</u>	<u>(100,000)</u>
 FUND BALANCE APPROPRIATED	 <u>30,000</u>	 <u>-</u>	 <u>(30,000)</u>	 <u>-</u>
 EXCESS OF REVENUES, APPROPRIATED FUND BALANCE, AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	 <u>\$ -</u>	 <u>(1,753,653)</u>	 <u>\$ (1,753,653)</u>	 <u>\$ 143,348</u>
 Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Principal retirement		31,500		
Depreciation		(151,550)		
Bad debt expense		(186,167)		
Water capital projects fund adjustments:				
Interest income		490		
Capital Project transfer from water operations		500,000		
Net adjustment to accrual, including utility sale		2,059,427		
Change in net position - Exhibit 7		<u>\$ 500,047</u>		

CITY OF CREEDMOOR, NORTH CAROLINA
WATER CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	PROJECT AUTHORIZATION	PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
Revenues - Water Project					
Restricted Intergovernmental					
Federal Grant-USDA Phase I	2,351,663	1,737,375		1,737,375	(614,288)
Federal Loan-USDA Phase I	2,979,000	2,979,000		2,979,000	-
Investment Earnings	12,000	3,641	490	4,131	(7,869)
Total Revenues	<u>5,342,663</u>	<u>4,720,016</u>	<u>490</u>	<u>4,720,506</u>	<u>(622,157)</u>
Expenditures - Water Project					
Water Line Rehabilitation-USDA					
Waste Water Treatment Plant & Lagoon Closing	5,580,663	5,148,686	-	5,148,686	431,977
All Other Water Projects	10,000	9,314	-	9,314	686
Total Expenditures	<u>191,371</u>	<u>21,530</u>	<u>-</u>	<u>21,530</u>	<u>169,841</u>
Revenues over (under) expenditures	<u>(439,371)</u>	<u>(459,514)</u>	<u>490</u>	<u>(459,024)</u>	<u>(19,653)</u>
Other Financing Sources (uses)					
Transfer from Water Fund					
Transfer to Other Funds	449,371	300,883	500,000	800,883	351,512
Total Other Financing Sources (uses)	<u>(10,000)</u>	<u>(5,000)</u>		<u>(5,000)</u>	<u>5,000</u>
Revenues and other sources over (under) expenditures	<u>439,371</u>	<u>295,883</u>	<u>500,000</u>	<u>795,883</u>	<u>356,512</u>
	<u>\$ -</u>	<u>\$ (163,631)</u>	<u>\$ 500,490</u>	<u>\$ 336,859</u>	<u>\$ 336,859</u>

CITY OF CREEDMOOR, NORTH CAROLINA
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
With Comparative Totals for the Year ended June 30, 2014

	BUDGET	2015 ACTUAL	VARIANCE POSITIVE (NEGATIVE)	2014
REVENUES:				
Sewer charges	\$ 1,081,166	\$ 1,241,319		\$ 1,507,009
Sewer taps	89,583	95,673		38,269
Capacity Fees	14,583	29,916		25,503
Other operating revenue	27,614	33,925		38,094
Total operating revenues	<u>1,212,946</u>	<u>1,400,833</u>	<u>187,887</u>	<u>1,608,875</u>
Nonoperating revenues				
Sales tax refund	-	-		2,345
Interest earnings	375	1,772		906
Sale of capital assets	3,116,910	4,041,129		-
Total nonoperating revenues	<u>3,117,285</u>	<u>4,042,901</u>	<u>925,616</u>	<u>3,251</u>
Total revenues	<u>4,330,231</u>	<u>5,443,734</u>	<u>1,113,503</u>	<u>1,612,126</u>
EXPENDITURES:				
Waste collection				
treatment administration:				
Salaries & wages	126,336	113,840		163,997
Employee retirement	14,960	13,474		16,876
Payroll taxes	9,144	8,209		10,385
Employee insurance	21,510	19,361		25,097
Lights and power	41,247	49,160		54,713
Chemicals & supplies	25,917	19,098		48,316
Vehicle and machinery	48,086	33,795		56,620
Repairs to system	17,509	1,046		2,763
Office supplies & expense	300	339		150
Utility mailing services	6,003	6,855		7,331
Telephone	3,078	3,090		4,526
Engineering & professional services	29,398	22,479		90,026
Other	6,417	15,199		14,388
Insurance	2,500	2,500		6,000
Sewage treatment	723,000	686,768		873,483
Total waste collection				
treatment administration:	<u>1,075,405</u>	<u>995,213</u>	<u>80,192</u>	<u>1,374,671</u>

CITY OF CREEDMOOR, NORTH CAROLINA
SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
With Comparative Totals for the Year ended June 30, 2014

	<u>BUDGET</u>	<u>2015 ACTUAL</u>	VARIANCE POSITIVE (NEGATIVE)	<u>2014</u>
Debt service:				
Interest and other charges	60,567	56,537	-	68,698
Principal retirement	2,612,261	21,000		66,517
Total debt service	<u>2,672,828</u>	<u>77,537</u>	2,595,291	<u>135,215</u>
Total expenditures	<u>3,748,233</u>	<u>1,072,750</u>	<u>2,675,483</u>	<u>1,509,886</u>
Revenues over (under) expenditures	581,998	4,370,984	3,788,986	102,240
OTHER FINANCING SOURCES (USES)				
Transfer to General Fund	-	(1,450,743)		-
Transfer to General Capital Projects	(75,000)	(450,000)		
Transfer to Capital Reserve Fund	-	(3,200,000)		-
Transfer to Sewer CIP Fund	(511,000)	(500,000)		(110,000)
Transfer to Recreation.	(27,000)	(27,000)		-
Total Other Financing Sources (Uses)	<u>(613,000)</u>	<u>(5,627,743)</u>	5,014,743	<u>(110,000)</u>
FUND BALANCE APPROPRIATED	<u>31,002</u>	<u>-</u>	<u>(31,002)</u>	<u>-</u>
EXCESS OF REVENUES, APPROPRIATED FUND BALANCE, AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ -</u>	(1,256,759)	<u>\$ (1,256,759)</u>	<u>\$ (7,760)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Principal retirement		21,000		
Depreciation		(126,415)		
Bad debt expense		(171,036)		
Sewer capital projects fund adjustments:				
Interest income		212		
Contributed capital		461,663		
Transfer from sewer operations		500,000		
Net adjustment to accrual, including utility sale		<u>1,071,382</u>		
Change in net position - Exhibit 7		<u>\$ 500,047</u>		

CITY OF CREEDMOOR, NORTH CAROLINA
SEWER CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2015

	PROJECT AUTHORIZATION	PRIOR YEARS	CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
Revenues - Sewer Project					
Restricted Intergovernmental					
Federal Grant-USDA Phase I	\$ 1,583,337	\$ 1,735,963	\$ 461,663	\$ 2,197,626	\$ 614,289
Federal Loan-USDA Phase I	1,986,000	1,986,000	-	1,986,000	-
Investment Earnings	4,211	1,411	212	1,623	(2,588)
Total Revenues	<u>3,573,548</u>	<u>3,723,374</u>	<u>461,875</u>	<u>4,185,249</u>	<u>611,701</u>
Expenditures - Water Project					
Sewer Line Rehabilitation-USDA	3,819,548	3,859,609	219,830	4,079,439	(259,891)
Tar River Waste Water Treatment Plant	400,000	398,129	-	398,129	1,871
All Other Sewer Projects	180,000	16,230	14,434	30,664	149,336
Total Expenditures	<u>4,399,548</u>	<u>4,273,968</u>	<u>234,264</u>	<u>4,508,232</u>	<u>(108,684)</u>
Revenues over (under) expenditures	<u>(826,000)</u>	<u>(550,594)</u>	<u>227,611</u>	<u>(322,983)</u>	<u>503,017</u>
Other Financing Sources (uses)					
Transfer from Sewer Fund	<u>451,000</u>	<u>360,000</u>	<u>500,000</u>	<u>860,000</u>	<u>409,000</u>
Total Other Financing Sources (uses)	<u>451,000</u>	<u>360,000</u>	<u>500,000</u>	<u>860,000</u>	<u>409,000</u>
Fund Balance Appropriated	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(375,000)</u>
Revenues, Appropriated Fund Balance, and Other Funding Sources Over (Under) Expenditures and Other Funding Uses	<u>\$ -</u>	<u>\$ (190,594)</u>	<u>\$ 727,611</u>	<u>\$ 537,017</u>	<u>\$ 537,017</u>

**CITY OF CREEDMOOR, NORTH CAROLINA
STORMWATER MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
With Comparative Totals for the Year Ended June 30, 2014**

	BUDGET	2015 ACTUAL	VARIANCE POSITIVE (NEGATIVE)	2014
REVENUES:				
Stormwater assessments	\$ 298,644	\$ 280,809		\$ 286,339
Prior year stormwater assessments	8,000	2,619		2,913
Penalties & interest	500	835		1,166
Review fees	1,500	3,000		3,700
Total operating revenues	<u>308,644</u>	<u>287,263</u>	<u>(21,381)</u>	<u>294,118</u>
Nonoperating revenues				
Interest earnings	150	170		166
Total nonoperating revenues	<u>150</u>	<u>170</u>	<u>20</u>	<u>166</u>
Total revenues	<u>308,794</u>	<u>287,433</u>	<u>(21,361)</u>	<u>294,284</u>
EXPENDITURES:				
Stormwater administration				
Salaries & wages	67,386	73,437		11,376
Employee retirement	3,033	3,319		-
Payroll taxes	1,758	1,909		-
Employee insurance	3,974	4,315		-
Conservation contributions	26,000	-		30,000
Other operating expenditures	31,650	28,749		62,972
	<u>133,801</u>	<u>111,729</u>	<u>22,072</u>	<u>104,348</u>
Stormwater repair and maintenance				
Salaries & wages	85,498	68,857		32,162
Employee retirement	5,717	4,608		-
Payroll taxes	3,653	2,901		-
Employee insurance	11,083	8,959		-
Drainage Maintenance	71,311	73,484		50,863
Other operating expenditures	18,819	5,870		8,098
	<u>196,081</u>	<u>164,679</u>	<u>31,402</u>	<u>91,123</u>
Stormwater common operating expenses				
Other operating expenditures	<u>23,130</u>	<u>21,890</u>	<u>1,240</u>	<u>22,986</u>
Total stormwater management	<u>\$ 353,012</u>	<u>\$ 298,298</u>	<u>\$ 54,714</u>	<u>\$ 218,457</u>
FUND BALANCE APPROPRIATED	<u>44,218</u>	<u>-</u>	<u>(44,218)</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>(10,865)</u>	<u>\$ (10,865)</u>	<u>\$ 75,827</u>

**CITY OF CREEDMOOR, NORTH CAROLINA
STORMWATER MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
With Comparative Totals for the Year Ended June 30, 2014**

	<u>BUDGET</u>	<u>2015 ACTUAL</u>	VARIANCE POSITIVE (NEGATIVE)	<u>2014</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:		<u>n/a</u>		
Change in net position - Exhibit 7		<u>\$ (10,865)</u>		

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

**CITY OF CREEDMOOR, NORTH CAROLINA
SUPPLEMENTARY INFORMATION
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2015**

FISCAL YEAR	UNCOLLECTED BALANCE June 30, 2014	ADDITIONS	COLLECTIONS AND CREDITS	UNCOLLECTED BALANCE June 30, 2015
2014-2015		\$ 2,030,716	\$ 2,020,598	\$ 10,118
2013-2014	33,914		27,241	6,673
2012-2013	9,551		3,022	6,529
2011-2012	6,327		1,607	4,720
2010-2011	4,596		877	3,719
2009-2010	3,654		98	3,556
2008-2009	3,205		13	3,192
2007-2008	3,844		98	3,746
2006-2007	2,927		168	2,759
2005-2006	2,454		2,454	-
	<u>\$ 70,472</u>	<u>\$ 2,030,716</u>	<u>\$ 2,056,176</u>	<u>\$ 45,012</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	2,047,425
Reconciling items:	
Write off of 10 year old accounts, net of actual collections	1,713
Discounts allowed	18,869
Interest collected	(11,831)
Total collections and credits	<u>\$ 2,056,176</u>

CITY OF CREEDMOOR, NORTH CAROLINA
SUPPLEMENTARY INFORMATION
ANALYSIS OF CURRENT TAX LEVY
June 30, 2015

	City-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at Current Year Rate	\$ 273,658,524	0.700	\$ 1,915,682	\$ 1,764,390	\$ 151,292
Registered motor vehicles taxed at prior year's rate	<u>8,608,271</u>	0.700	<u>60,258</u>	<u>-</u>	<u>60,258</u>
Total Levy	282,266,795		1,975,940	1,764,390	211,550
Discoveries	7,924,974	0.700	55,475	55,475	-
Abatements	<u>(99,919)</u>	0.700	<u>(699)</u>	<u>(699)</u>	<u>-</u>
Total Property Valuation	<u><u>\$ 290,091,850</u></u>		2,030,716	1,819,166	211,550
Less: Uncollected Tax June 30, 2014			<u>(10,118)</u>	<u>(10,045)</u>	<u>(73)</u>
Current Year Taxes Collected			<u><u>\$ 2,020,598</u></u>	<u><u>\$ 1,809,121</u></u>	<u><u>\$ 211,477</u></u>
Current Levy Collection %			<u><u>99.50%</u></u>	<u><u>99.45%</u></u>	<u><u>99.97%</u></u>

City of Creedmoor North Carolina

STATISTICAL SECTION

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

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

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

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

City of Creedmoor
North Carolina

STATISTICAL SECTION

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

Operating Information, (Tables 16 to 20), containing information about the City's operation and resources, specific to Creedmoor, to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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

Table 1

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental Activities					
Net investment in capital assets	\$ 926,177	\$ 1,053,759	\$ 1,224,711	\$ 1,287,994	\$ 1,344,664
Restricted	93,747	47,616	51,991	97,775	32,004
Unrestricted	1,609,800	1,213,128	1,972,019	2,244,174	2,358,221
Total governmental activities net position	<u>\$ 2,629,724</u>	<u>\$ 2,314,503</u>	<u>\$ 3,248,721</u>	<u>\$ 3,629,943</u>	<u>\$ 3,734,889</u>
Business-type Activities					
Net investment in capital assets	\$ 1,890,142	\$ 2,102,639	\$ 2,161,661	\$ 3,768,792	\$ 4,246,962
Restricted	-	-	-	-	-
Unrestricted	2,342,035	2,444,492	2,684,086	2,146,568	2,087,395
Total business-type activities net position	<u>\$ 4,232,177</u>	<u>\$ 4,547,131</u>	<u>\$ 4,845,747</u>	<u>\$ 5,915,360</u>	<u>\$ 6,334,357</u>
Primary Government					
Net investment in capital assets	\$ 2,816,319	\$ 3,156,398	\$ 3,386,372	\$ 5,056,786	\$ 5,591,626
Restricted	93,747	47,616	51,991	97,775	32,004
Unrestricted	3,951,835	3,657,620	4,656,105	4,390,742	4,445,616
Total primary government net position	<u>\$ 6,861,901</u>	<u>\$ 6,861,634</u>	<u>\$ 8,094,468</u>	<u>\$ 9,545,303</u>	<u>\$ 10,069,246</u>

Note:

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,432,833	\$ 3,816,883	\$ 4,397,870	\$ 4,585,965	\$ 7,919,141
410,743	517,547	575,496	596,197	8,673,716
2,386,960	2,274,297	2,735,686	2,990,879	7,381,804
<u>\$ 4,230,536</u>	<u>\$ 6,608,727</u>	<u>\$ 7,709,052</u>	<u>\$ 8,173,041</u>	<u>\$ 23,974,661</u>

\$ 4,978,709	\$ 6,257,388	\$ 7,796,988	\$ 8,068,793	\$ -
-	-	232,745	232,610	109,607
2,034,768	2,643,259	2,705,075	2,855,744	1,000,094
<u>\$ 7,013,477</u>	<u>\$ 8,900,647</u>	<u>\$ 10,734,808</u>	<u>\$ 11,157,147</u>	<u>\$ 1,109,701</u>

\$ 6,411,542	\$ 10,074,271	\$ 12,194,858	\$ 12,654,758	\$ 7,919,141
410,743	517,547	808,241	828,807	8,783,323
4,421,728	4,917,556	5,440,761	5,846,623	8,381,898
<u>\$ 11,244,013</u>	<u>\$ 15,509,374</u>	<u>\$ 18,443,860</u>	<u>\$ 19,330,188</u>	<u>\$ 25,084,362</u>

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

Table 2

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
General Government	\$ 928,265	\$ 1,065,873	\$ 1,020,409	\$ 1,025,935	\$ 945,132	\$ 888,435	\$ 1,051,839	\$ 1,022,837	\$ 1,206,037	\$ 1,200,962
Public Safety	785,725	1,045,488	962,762	1,006,687	1,234,638	1,228,704	1,371,705	1,278,179	1,381,334	1,565,786
Transportation and Public Works	395,551	573,290	554,247	611,110	849,719	786,032	754,452	785,295	747,318	692,788
Economic Development	-	900	-	500	723	16,572	550	20,195	7,455	9,226
Cultural and Recreation	46,248	52,877	55,495	34,650	57,916	130,428	117,418	103,598	180,976	364,657
Environmental Protection	-	-	-	-	-	-	-	-	-	15,600
Interest on long-term debt	45,624	43,463	38,383	32,413	26,793	35,905	8,163	-	-	-
Total governmental activities expenses	\$ 2,201,413	\$ 2,781,891	\$ 2,631,296	\$ 2,711,295	\$ 3,114,921	\$ 3,086,076	\$ 3,304,127	\$ 3,210,104	\$ 3,523,120	\$ 3,849,019
Business-type Activities										
Water	\$ 732,836	\$ 793,764	\$ 883,347	\$ 775,873	\$ 970,025	\$ 1,091,286	\$ 1,108,679	\$ 1,324,572	\$ 1,392,565	\$ 1,425,935
Sewer	655,983	809,992	810,794	1,005,782	1,208,102	1,188,980	1,275,255	1,594,291	1,615,703	1,520,237
Stormwater	-	-	-	-	-	-	74,289	131,114	218,457	298,298
Total business-type activities expenses	\$ 1,388,819	\$ 1,603,756	\$ 1,694,141	\$ 1,781,655	\$ 2,178,127	\$ 2,280,266	\$ 2,458,223	\$ 3,049,977	\$ 3,226,725	\$ 3,244,470
Total Primary Government expenses	\$ 3,590,232	\$ 4,385,647	\$ 4,325,437	\$ 4,492,950	\$ 5,293,048	\$ 5,366,342	\$ 5,762,350	\$ 6,260,081	\$ 6,749,845	\$ 7,093,489
Program Revenues										
Governmental Activities:										
Charges for service:										
General Government	\$ 76,133	\$ 69,600	\$ 85,100	\$ 96,900	\$ 37,074	\$ 50,770	\$ 50,721	\$ -	\$ 73,319	\$ 92,040
Public Safety	141,984	88,530	61,945	58,621	56,290	56,169	57,674	59,937	63,764	60,021
Transportation and Public Works	179,671	220,993	225,497	274,957	311,666	303,885	325,356	343,442	391,929	120,342
Cultural and Recreation	21,450	27,801	35,232	20,586	130,551	119,145	106,434	111,982	110,429	97,342
Operating grants and contributions	137,959	197,940	147,346	149,841	94,327	97,470	137,851	134,578	201,584	281,303
Capital grants and contributions	-	-	-	-	10,889	11,246	2,024,115	517,881	13,000	15,000
Total governmental activities program revenue	\$ 557,197	\$ 604,864	\$ 555,120	\$ 600,905	\$ 640,797	\$ 638,685	\$ 2,702,151	\$ 1,167,820	\$ 854,025	\$ 666,048
Business-type Activities										
Charges for service:										
Water	\$ 1,076,701	\$ 1,003,814	\$ 930,132	\$ 840,709	\$ 1,151,423	\$ 1,402,434	\$ 1,355,705	\$ 1,497,238	\$ 1,460,290	\$ 1,265,048
Sewer	944,662	949,266	859,544	980,567	1,437,388	1,599,444	1,503,883	1,658,062	1,611,220	1,400,833
Stormwater	-	-	-	-	-	-	-	281,553	294,118	287,263
Operating grants and contributions	-	-	73,528	169,385	1,084,607	-	-	-	-	-
Capital grants and contributions	-	-	-	-	4,702	-	1,481,152	1,818,297	280,228	461,663
Total business-type activities program revenue	\$ 2,021,363	\$ 1,953,080	\$ 1,863,204	\$ 1,990,661	\$ 3,678,120	\$ 3,001,878	\$ 4,340,740	\$ 5,255,150	\$ 3,645,856	\$ 3,414,807
Net (expense)/revenue:										
Governmental activities	\$ (1,644,216)	\$ (2,177,027)	\$ (2,076,176)	\$ (2,110,390)	\$ (2,474,124)	\$ (2,447,391)	\$ (601,976)	\$ (2,042,284)	\$ (2,669,095)	\$ (3,182,971)
Business-type activities	632,544	349,324	169,063	209,006	1,499,993	721,612	1,882,517	2,205,173	419,131	170,337
Total primary government net revenue/(expense)	\$ (1,011,672)	\$ (1,827,703)	\$ (1,907,113)	\$ (1,901,384)	\$ (974,131)	\$ (1,725,779)	\$ 1,280,541	\$ 162,889	\$ (2,249,964)	\$ (3,012,634)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes to Net Assets										
Governmental Activities:										
Taxes:										
Property taxes, general	1,454,746	1,570,221	1,782,686	1,664,327	1,838,189	2,024,691	1,911,636	1,988,986	2,073,246	2,021,066
Other taxes	683,270	748,701	761,505	755,144	810,993	822,348	1,028,433	1,088,367	1,045,352	1,201,829
Unrestricted investment										
earnings	14,153	13,510	17,062	20,766	7,788	2,694	3,696	4,147	3,314	3,766
Miscellaneous	94,332	90,123	51,183	51,375	69,044	48,305	36,402	35,078	11,172	302,957
Transfers	-	-	-	-	-	45,000	-	26,031	-	15,636,373
Total governmental activities	2,246,501	2,422,555	2,612,436	2,491,612	2,726,014	2,943,038	2,980,167	3,142,609	3,133,084	19,165,991
Business-type activities:										
Unrestricted investment										
earnings	45,252	36,356	46,804	26,304	3,611	2,508	4,653	4,027	3,208	5,509
Miscellaneous	600	13,183	3,199	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	(45,000)	-	(26,031)	-	(15,636,373)
Special item gain (loss)	-	-	-	-	-	-	-	(349,008)	-	5,431,677
Total business-type activities	45,852	49,539	50,003	26,304	3,611	(42,492)	4,653	(371,012)	3,208	(10,199,187)
Total primary government	\$ 2,292,353	\$ 2,472,094	\$ 2,662,439	\$ 2,517,916	\$ 2,729,625	\$ 2,900,546	\$ 2,984,820	\$ 2,771,597	\$ 3,136,292	\$ 8,966,804
Change in Net Position:										
Governmental Activities	\$ 602,285	\$ 245,528	\$ 536,260	\$ 381,222	\$ 251,890	\$ 495,647	\$ 2,378,191	\$ 1,100,325	\$ 463,989	\$ 15,983,020
Business-type activities:	678,396	398,863	219,066	235,310	1,503,604	679,120	1,887,170	1,834,161	422,339	(10,028,850)
Total primary government	\$ 1,280,681	\$ 644,391	\$ 755,326	\$ 616,532	\$ 1,755,494	\$ 1,174,767	\$ 4,265,361	\$ 2,934,486	\$ 886,328	\$ 5,954,170

Note:
Education revenue shown in earlier years as program revenue have been combined with Operating Grants to conform to the latest presentation.

Transportation and Environmental Protection have been combined as Transportation and Public Works to conform with current accounting practices in the City.

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

Table 3

	Fiscal Year					
	2006	2007	2008	2009	2010	2011
Revenues						
Ad valorem taxes	\$ 1,414,890	\$ 1,531,119	\$ 1,739,494	\$ 1,771,094	\$ 1,878,471	\$ 1,912,674
Other taxes and licenses	493,301	531,128	488,930	463,412	515,864	518,109
Unrestricted intergovernmental revenue	189,969	217,573	272,575	291,732	297,367	306,473
Restricted intergovernmental revenue	137,959	197,940	147,346	149,841	150,900	152,859
Permits and fees	161,559	109,532	84,907	83,087	65,742	72,115
Sales and service	341,197	387,426	359,776	407,514	447,264	444,423
Investment earnings	14,153	13,510	17,062	20,766	7,788	2,775
Miscellaneous	10,814	89	14,274	11,838	43,696	15,277
Total revenues	2,763,842	2,988,317	3,124,364	3,199,284	3,407,092	3,424,705
Expenditures						
General Government	884,711	1,038,539	963,633	1,016,850	908,293	836,888
Public Safety	779,275	977,228	893,696	974,854	1,157,298	1,156,694
Transportation and public works	394,929	564,792	526,671	587,411	824,090	801,748
Economic and physical dev.	-	-	-	500	723	16,572
Cultural and recreation	35,730	49,109	46,131	20,687	41,805	63,933
Capital outlay	54,984	149,652	184,701	85,651	89,127	125,509
Debt service:						
Principal	107,907	113,635	108,105	99,471	91,602	91,898
Interest	46,466	42,403	39,054	33,117	27,760	22,939
	2,304,002	2,935,358	2,761,991	2,818,541	3,140,698	3,116,181
Excess of revenues over / (under) expenditures	459,840	52,959	362,373	380,743	266,394	308,524
Other financing sources / (uses)						
Transfers in	-	-	-	-	-	232,800
Transfers out	-	-	-	-	-	(187,800)
Sale of equipment	-	-	-	-	-	-
Proceeds of debt issuance	27,978	46,603	19,350	-	-	-
Total other financing sources or (uses)	27,978	46,603	19,350	-	-	45,000
Net change in fund balance	\$ 487,818	\$ 99,562	\$ 381,723	\$ 380,743	\$ 266,394	\$ 353,524
Debt service as a percentage of noncapital expenditures	6.86%	5.60%	5.71%	4.85%	3.91%	3.84%

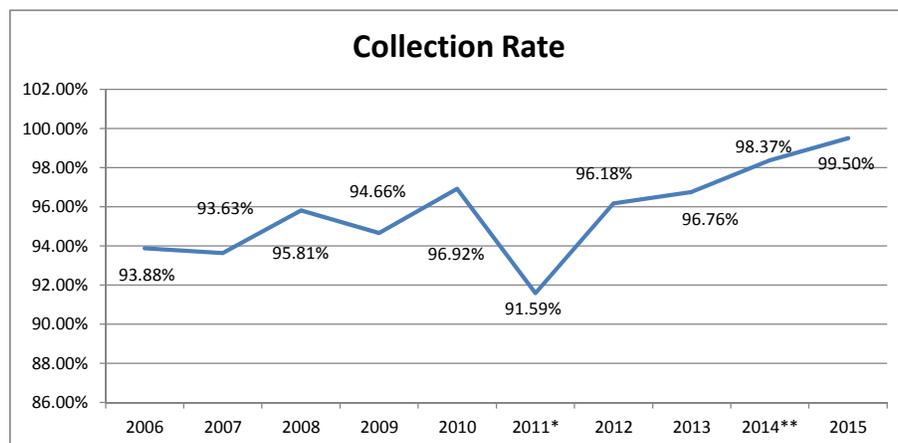
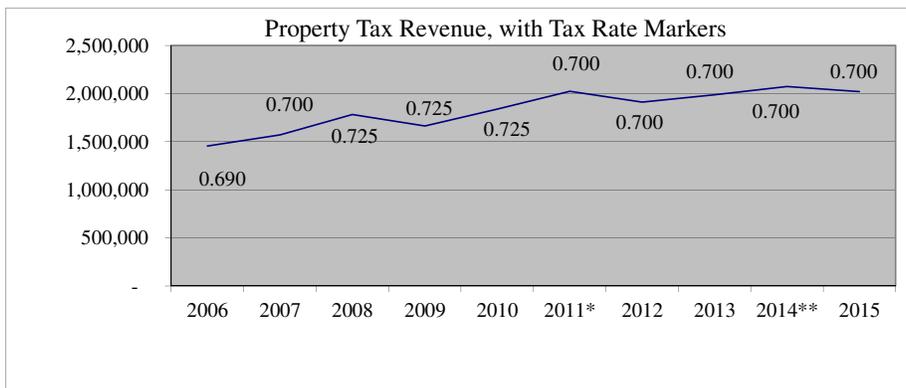
* = City Hall installment purchase settled 3 years early. See also Table 13.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	1,997,414	\$ 2,019,824	\$ 2,101,734	\$ 2,047,425
	667,370	682,741	717,193	787,411
	319,058	320,876	328,160	414,418
	190,259	708,748	246,763	458,568
	81,854	84,750	118,369	129,136
	447,868	455,186	459,864	350,772
	3,701	4,213	3,332	3,803
	22,170	54,639	41,517	28,370
	<u>3,729,694</u>	<u>4,330,977</u>	<u>4,016,932</u>	<u>4,219,903</u>
	1,004,283	971,795	1,091,276	1,153,785
	1,296,155	1,229,338	1,292,624	1,402,298
	728,264	761,791	739,558	778,220
	550	19,689	7,455	24,825
	96,752	105,701	157,780	164,308
	2,175,253	685,369	366,696	642,284
	337,183 *	-	-	-
	22,410	-	-	-
	<u>5,323,667</u>	<u>4,110,866</u>	<u>3,655,389</u>	<u>4,165,720</u>
	(1,593,973)	220,111	361,543	54,183
	-	292,150	147,300	12,892,203
	-	(266,119)	(147,300)	(114,750)
	-	-	-	2,131
	-	-	-	-
	-	26,031	-	12,779,584
\$	<u>(1,593,973)</u>	<u>\$ 246,142</u>	<u>\$ 361,543</u>	<u>\$ 12,833,767</u>
	10.32%	0.00%	0.00%	0.00%

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

Table 4

Fiscal Year	Tax Rate	Property Tax	Tax Base	Collection Rate Current Fiscal Year
2006	0.690	1,454,746	208,827,835	93.88%
2007	0.700	1,570,221	219,753,084	93.63%
2008	0.725	1,782,686	244,542,771	95.81%
2009	0.725	1,664,327	233,988,343	94.66%
2010	0.725	1,838,783	253,625,239	96.92%
2011*	0.700	2,024,691	271,501,322	91.59%
2012	0.700	1,911,636	272,071,628	96.18%
2013	0.700	1,988,986	285,134,429	96.76%
2014**	0.700	2,073,246	296,899,857	98.37%
2015	0.700	\$ 2,021,066	\$ 290,091,850	99.50%



Note:

* = Three years of past taxes included in FY11 levy, with partial collection.
 All three years of past taxes collected by the end of FY13.

** = Because of a change in motor vehicle property tax collection procedures, overlapping collection efforts are included in this fiscal year. This is a one time event in the year of implementation.

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

Fiscal Year	Net Levy	Current Year's Taxes Collected	Percent of Net Levy Collected	Collections -- Prior Years	Total Collections and Credits	Percent of Total Tax Collections to Net Levy	Ad Valorem Taxes Receivable Balance as of June 30, 2015	Percent Delinquent Taxes to Net Levy
2015	\$ 2,030,716	\$ 2,020,598	99.50%	-	\$ 2,020,598	99.50%	\$ 10,118	0.50%
2014	2,078,299	2,044,385	98.37%	27,241	2,044,385	98.37%	33,914	1.63%
2013	1,995,941	1,931,217	96.76%	58,195	1,989,412	99.67%	6,529	0.33%
2012	1,904,501	1,831,776	96.18%	68,005	1,899,781	99.75%	4,720	0.25%
2011	2,019,350	1,849,452	91.59%	166,179	2,015,631	99.82%	3,719	0.18%
2010	1,838,783	1,782,090	96.92%	53,137	1,835,227	99.81%	3,556	0.19%
2009	1,696,416	1,605,897	94.66%	87,327	1,693,224	99.81%	3,192	0.19%
2008	1,770,618	1,696,431	95.81%	70,441	1,766,872	99.79%	3,746	0.21%
2007	1,550,009	1,451,337	93.63%	95,913	1,547,250	99.82%	2,759	0.18%
2006	1,437,961	1,349,962	93.88%	86,286	1,436,248	99.88%	1,713	0.12%



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

Table 6

Fiscal Year	Assessed Value (1)					Ratio of Assessed Value to Actual Value	Property Tax Rate (per \$100 Assessed Value)
	Real Property	Personal Property (2)	Public Service Property	Abatements and Adjustments	Total		
2015	\$ 251,727,143	\$ 30,221,429	\$ 8,143,977	\$ (699)	\$ 290,091,850	100%	0.700
2014	261,462,375	28,246,714	7,910,197	(719,429)	296,899,857	100%	0.700
2013	249,758,049	27,607,287	8,420,379	(651,286)	285,134,429	100%	0.700
2012	234,986,964	33,343,009	6,617,941	(2,876,286)	272,071,628	100%	0.700
2011	233,992,652	32,525,245	8,517,854	(3,534,429)	271,501,322	100%	0.700
2010 (3)	216,960,751	32,814,130	8,618,797	(4,768,439)	253,625,239	100%	0.725
2009	208,939,423	33,873,553	6,797,256	(15,621,889)	233,988,343	100%	0.725
2008	200,101,831	32,387,077	7,087,015	4,966,848	244,542,771	100%	0.725
2007	186,513,147	31,353,514	6,637,699	(4,751,276)	219,753,084	100%	0.700
2006	170,232,129	26,190,182	6,637,699	5,767,825	208,827,835	100%	0.690

Note:

- (1) Assessed value provided by NC Department of Revenue, per North Carolina TR-2 reports.
- (2) Personal property includes motor vehicle values.
- (3) Revaluation effective January 1 of the revaluation year. The increase to the tax base is effective in the following year's budget.

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

Fiscal Year	City of Creedmoor Tax Rate	Granville County Tax Rate	Combined Tax Rate Per \$100 of Assessed Valuation
2015	\$ 0.700	\$ 0.830	\$ 1.530
2014	0.700	0.830	1.530
2013	0.700	0.795	1.495
2012	0.700	0.795	1.495
2011	0.700	0.795	1.495
2010 (3)	0.725	0.825	1.550
2009	0.725	0.755	1.480
2008	0.725	0.755	1.480
2007	0.700	0.700	1.400
2006	0.690	0.700	1.390

(3) Revaluation effective January 1 each year. The increase to the tax base is effective in the following year's budget. The budget for Fiscal Year 2011 will include the latest revised valuations.

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

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

Table 8

<i>Pre-GASB 54</i>	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund					
Reserved	\$ 268,473	\$ 444,789	\$ 855,979	\$ 870,353	\$ 358,185
Unreserved	1,292,038	654,535	1,023,026	1,389,395	2,206,176
Total General Fund	\$ 1,560,511	\$ 1,099,324	\$ 1,879,005	\$ 2,259,748	\$ 2,564,361

<i>Post-GASB 54</i>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund					
Fund Balance:					
Nonspendable	---	---	---	---	---
Restricted	---	---	---	---	---
Committed	---	---	---	---	---
Assigned	---	---	---	---	---
Unassigned	---	---	---	---	---
Total General Fund	---	---	---	---	---

All Other Governmental Funds					
Fund Balance:					
Restricted	---	---	---	---	---
Assigned	---	---	---	---	---
Total All Other Governmental Funds	---	---	---	---	---

Note:

--- = Not Applicable

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
---	---	---	---	---
---	---	---	---	---
---	---	---	---	---

Fiscal Year				
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 16,734	\$ 2,551	\$ 18,292	\$ 24,410	\$ 30,220
410,743	517,547	575,496	596,197	672,957
-	-	99,272	254,907	304,536
165,017	244,356	305,251	294,688	414,359
2,183,308	2,165,366	2,346,597	2,568,474	6,214,349
<u>\$ 2,775,802</u>	<u>\$ 2,929,820</u>	<u>\$ 3,344,908</u>	<u>\$ 3,738,676</u>	<u>\$ 7,636,421</u>

\$ -	\$ -	\$ -	\$ -	\$ 8,000,759
142,084	81,131	249,368	217,143	1,152,406
<u>\$ 142,084</u>	<u>\$ 81,131</u>	<u>\$ 249,368</u>	<u>\$ 217,143</u>	<u>\$ 9,153,165</u>

CITY OF CREEDMOOR, NORTH CAROLINA

Statutory Calculation of Fund Balance

Available for Appropriation, in Accordance with State Statute

**Fiscal Year
Ended 6/30/2015**

Calculation

	Total
Fund Balance Available for Appropriation - G.S. §159-8(a)	
Unrestricted Cash and Investments	\$ 7,279,778
Restricted cash and investments (This would normally include Powell Bill, Bond Proceeds, consolidated funds such as capital reserve funds or tax revaluation funds)	189,951
Liabilities excluding those to be paid from restricted cash	203,346
Liabilities to be paid from restricted cash not included above	219
Encumbrances at June 30 (listed in the notes).....	110,072
Deferred or Unearned Revenues Arising from Cash Receipts .	33,116
Fund Balance Available for Appropriation	\$ 7,122,976

Total Fund Balance (From Audited Financial Statements) 7,636,421

Total Restricted by State Statute..... \$ 513,445

Restricted by State Statute Presented on Financial Statements

Less Non Spendable - Inventory	---
Non Spendable - Prepays	30,220
Other Non Spendable amounts	---
Restricted - Stabilization by State Statute (LGC calcu	\$ 483,225

Restricted - Stabilization by State Statute (From Audited Financial Statements) \$ 483,225

Analysis

	Total
<u>Expenditures - General Fund</u>	
Total Expenditures - General Fund	\$ 3,847,629
<u>Adjustments</u>	
Transfers Out	114,750
Issuance of Capital Leases & Installment Purchases	
Total Expenditures (As Adjusted)	<u>\$ 3,962,379</u>
Fund Balance Available as % of Expenditures	<u>179.77 %</u>

CITY OF CREEDMOOR, NORTH CAROLINA
Fund Balance Available as a Percentage
of General Fund Annual Expenditures
Past 10 fiscal years, modified accrual basis of accounting

Fiscal Year									
<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
60.89%	24.31%	39.20%	58.14%	71.26%	74.88%	69.87%	83.99%	92.47%	179.77%
62.32%	64.13%	65.05%	70.25%	67.39%	69.30%	69.14%	71.30%	72.50%	not available

Latest group average for municipalities with populations
between, 2,500 and 9,999. 72.50%

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

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

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

Table 10

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt Limit	\$ 16,706,227	\$ 17,580,247	\$ 19,563,422	\$ 18,719,067	\$ 20,290,019
Total debt applicable to limit	1,215,342	1,085,159	942,154	788,432	637,580
Legal debt margin	\$ 15,490,885	\$ 16,495,088	\$ 18,621,268	\$ 17,930,635	\$ 19,652,439
Total net debt applicable to the limit, as a percentage of the total debt limit.	7.27%	6.17%	4.82%	4.21%	3.14%

Note:

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

Fiscal Year				
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2014</u>
\$ 21,720,106	\$ 21,765,730	\$ 22,810,754	\$ 23,751,989	\$ 23,207,348
6,254,777	5,723,097	5,622,981	5,519,864	-
<u>\$ 15,465,329</u>	<u>\$ 16,042,633</u>	<u>\$ 17,187,773</u>	<u>\$ 18,232,125</u>	<u>\$ 23,207,348</u>

28.80% 26.29% 24.65% 23.24% 0.00%

Assessed Value --- June 30, 2015 \$ 290,091,850

Debt Limit --- 8 percent of total assessed value 23,207,348

Total Debt Applicable to Limitation:

Bonded Debt Outstanding: -

Total Debt Applicable to Limitation -

Legal Debt Margin \$ 23,207,348

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

Table 11

Fiscal Year	Governmental	Business-Type Activities				Total Primary Government
	Activities	General	Installment	Revenue	Revenue	
	Installment	Obligation	Purchases *	Bond Anticip.	Bond *	
	Purchases	Bonds		Note		
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2014	-	-	673,864	-	4,846,000	5,519,864
2013	-	-	715,981	-	4,907,000	5,622,981
2012	-	-	758,214	4,965,000	-	\$ 5,723,214
2011	337,182	135,000	814,464	4,965,000	-	6,251,646
2010	429,080	208,500	28,500	-	-	666,080
2009	520,682	267,750	42,750	-	-	831,182
2008	620,154	322,000	57,000	-	-	999,154
2007	708,909	376,250	71,250	-	-	1,156,409
2006	775,941	439,401	94,401	-	-	1,309,743

Note:

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

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

Certain installment purchase amounts have been reclassified for consistency.

All income information is for Granville County as a whole.

No Creedmoor specific information is available at this time.

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

(2) Information not available

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

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

Governmental Activities			Governmental Activities			
Debt as a Percentage of Assessed Valuation	Assessed Valuation	Governmental Activities Debt per Capita	Population	(1) Per Capita Income	Debt, as a percentage of estimated personal income	
0.00%	\$ 290,091,850	\$ -	4,325	(2)	0.00%	
0.00%	296,899,857	\$ -	4,289	(2)	0.00%	
0.00%	285,134,429	\$ -	4,223	\$ 22,295	0.00%	
0.00%	272,071,628	\$ -	4,168	\$ 22,144	0.00%	
0.12%	271,501,322	\$ 82	4,124	\$ 22,387	0.37%	
0.17%	253,625,239	\$ 130	3,296	\$ 21,733	0.60%	
0.22%	233,988,343	\$ 159	3,283	\$ 21,622	0.73%	
0.25%	244,542,771	\$ 222	2,790	\$ 20,932	1.06%	
0.32%	219,753,084	\$ 261	2,718	\$ 20,156	1.29%	
0.37%	208,827,835	\$ 291	2,664	(2)	---	

CITY OF CREEDMOOR
Direct and Overlapping Governmental Activities Debt
As of June 30, 2015

Table 12

Governmental Unit	General Obligation Debt Outstanding (1)	Estimated Percentage Applicable to the City (2)	Estimated Share of Overlapping Debt
Debt repaid with property taxes, Granville County	\$ 32,485,000	6.76%	\$ 2,195,986
Subtotal, overlapping debt portion			2,195,986
City of Creedmoor direct debt (3)			---
Total, direct and overlapping debt			\$ 2,195,986

Prior Years Fiscal Years Ending June 30,	Percentage Reported	Creedmoor Debt	Estimated Share of Overlapping Debt
2014	6.91%	\$ -	\$ 2,465,143
2013	6.99%	-	2,717,712
2012	6.81%	-	2,920,469
2011	7.72%	337,182	3,896,874
2010	6.91%	429,080	3,800,815
2009	6.47%	520,682	3,591,224

Notes:

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

CITY OF CREEDMOOR
Demographic Statistics
Last Ten Fiscal Years

Table 13

Fiscal Year	Population	(1) Personal Income (thousands of dollars)	(4) Creedmoor Personal Income, Imputed	As a of County Personal Income	(1) Per Capita Income	(2) Unemployment Rate, as a percentage
2015	4,325	(3)	(3)		(3)	5.5%
2014	4,289	(3)	(3)	0.00%	(3)	6.8%
2013	4,223	\$ 1,869,868	\$ 135,503,401	7.25%	\$ 32,087	9.4%
2012	4,168	\$ 1,849,793	\$ 137,364,776	7.43%	\$ 32,957	10.1%
2011	4,124	\$ 1,753,471	\$ 125,299,492	7.15%	\$ 30,383	10.5%
2010	3,296	\$ 1,681,830	\$ 90,930,048	5.41%	\$ 27,588	10.8%
2009	3,283	\$ 1,662,131	\$ 91,369,173	5.50%	\$ 27,831	11.1%
2008	2,790	\$ 1,654,598	\$ 78,150,690	4.72%	\$ 28,011	6.6%
2007	2,718	\$ 1,552,216	\$ 73,413,180	4.73%	\$ 27,010	5.4%
2006	2,664	\$ 1,434,430	\$ 69,058,872	4.81%	\$ 25,923	5.4%

Notes:

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

(1) Information from federal Bureau of Economic Analysis

(2) Information from the NC Department of Commerce, Division of Employment Security
<http://www.nccommerce.com/LinkClick.aspx?fileticket=SMwZciexBp8%3d&tabid=4457&mid=8994>

(3) Information not available

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

CITY OF CREEDMOOR
Principal Taxpayers
for the year ended June 30, 2015

Table 14

Taxpayer (1)	Type of Enterprise	Assessed Valuation	2015	
			Percentage of Total Assessed Valuation	Rank
Creedmoor Crossings, LLC	Real Estate	\$ 4,927,371	1.70%	1
Watson Martin Properties, LLC	Real Estate	4,460,859	1.54%	2
Duke Energy Corporation	Energy	3,285,194	1.13%	3
Frontier Communications	Telecommunications	1,966,179	0.68%	4
Time Warner Cable Southeast LLC	Telecommunications	1,401,177	0.48%	5
Creedmoor Business Park LLC	Real Estate	1,387,858	0.48%	6
Gary Felton Land Investment Co, DBA, Strongwater LLC	Real Estate	1,338,750	0.46%	7
Public Service Company of NC, Inc.	Energy	1,274,898	0.44%	8
Wake Electric Membership Cooperative	Energy	1,111,574	0.38%	9
RWG Limited Partnership	Real Estate	1,099,242	0.38%	10
Baymor Associates	Real Estate	---	---	
St. Lawrence Homes	Builder	---	---	
Creedmoor Investors	Real Estate	---	---	
Creedmoor Fuel Service, Inc.	Motor Vehicle Fuels	---	---	
Total, Top 10 taxpayers		<u>\$ 22,253,102</u>	7.67%	
Total Assessed Value		<u><u>\$ 290,091,850</u></u>		

Notes:

(1) Data obtained from the Granville County Tax Department.

This is the City's seventh (7th) Comprehensive Annual Financial Report.
Earlier comparative data is not available. The City will develop comparative data going forward.

2009

Assessed Valuation	Percentage of Total Assessed Valuation	Rank
\$ 3,798,670	1.62%	2
4,521,375	1.93%	1
2,095,802	0.90%	7
3,504,657	1.50%	3
2,275,714	0.97%	6
2,443,394	1.04%	5
---	---	---
---	---	---
---	---	---
---	---	---
2,600,287	1.11%	4
1,649,812	0.71%	8
1,552,664	0.66%	9
1,157,700	0.49%	10
<u>\$ 25,600,075</u>	10.94%	
<u><u>\$ 233,988,343</u></u>		

CITY OF CREEDMOOR
Principal Employers
Current Year and Earliest Available Information

Table 15 Employer	2015		
	Reported Employees (1)	Percentage of Total Area Employment	Rank
Granville County Board of Education*	128	9.13%	1
RHA Group Homes	88	6.28%	2
City of Creedmoor **	34	2.43%	3
Metech Recycling	27	1.93%	4 - tie
Shottenkirk Chevrolet (formerly Ellington-Brim Chevrolet)	27	1.93%	4 - tie
First Baptist Academy	22	1.57%	6
Learning Services	20	1.43%	7
Creedmoor Fuel	15	1.07%	8
Food Lion	14	1.00%	9
Walgreens	12	0.86%	10
Southern States	---	---	
US Post Office, Creedmoor Branch	---	---	
CVS Drug Store	---	---	
Total Employees	<u>387</u>	<u>27.60%</u>	

Total estimated area employees (2)

1,402

Notes:

This is the City's seventh CAFR. Information prior to 2009 is not available.

The City will develop comparative information going forward, towards presenting a 10-year comparison.

* Includes, (i) Creedmoor Elementary, (ii) South Granville High School and (iii) general administrative staff.

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

(1) Information obtained from survey calls to area businesses. Number of Full Time employees requested.

(2) Information provided through US Census Bureau web site. From the 2010 Census, information is available and identified as "Creedmoor city, North Carolina" in the Census web pages. Prior to that, the best information was sorted by Zip Code.

2009		
Reported Employees (1)	Percentage of Total Area Employment	Rank
214	6.63%	1
80	2.48%	2
31	0.96%	3
---	---	---
16	0.50%	6
---	---	---
20	0.62%	5
16	0.50%	7
20	0.62%	4
---	---	---
8	0.25%	8
8	0.25%	9
7	0.22%	10
420	13.02%	

3,227

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

Table 16

	Fiscal Year				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenditures					
General Administration	\$ 0.477	\$ 0.430	\$ 0.385	\$ 0.364	\$ 0.326
Public Safety	0.363	0.407	0.414	0.422	0.454
<i>Police and Fire Protection Contract</i>					
Transportation	0.078	0.100	0.106	0.111	0.174
<i>Street Maintenance</i>					
Professional Services and Governing					
Body	0.053	0.036	0.076	0.086	0.034
Debt Service	0.029	0.021	0.020	0.016	0.011
Economic Development	na	\$\$	+	\$\$	0.010
Parks and Recreation	#	#	#	#	#
Environmental Protection	na	na	na	na	na
	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

Note: Some amounts may have been rounded for presentation purposes

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

= Parks and Recreation was supported by donations and rental fees from cellular telephone providers.
 The City has leased antenna space on its water towers to three cell phone service providers.
 An expanded Parks and Recreation department began operations in FY13, supported in part by tax revenue.

√ = Previously, stormwater treatment was a minor part of Transportation. A separate department was maintained during FY11. Subsequently, the Stormwater Management Fund, an enterprise fund, was established to account for stormwater control efforts.
 No stormwater management expenses are included in this line, from FY12, onward.

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

For Fiscal Years 2013 to 2015, the City had no Governmental Activity Debt.

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

Fiscal Year					
<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
\$ 0.315	\$ 0.319	\$ 0.406	\$ 0.386	\$ 0.305	
0.473	\$ 0.514	0.537	0.497	0.477	
0.160	√ \$ 0.118		+	0.061	0.095
0.030	\$ 0.046	0.048	0.049	0.049	
0.015	0.003	-	-	-	
0.007	\$	0.009	0.003	0.003	
#	#		+	0.003	0.066
na	na	na	na	na	0.005
\$ 1.00	1.00	\$ 1.00	\$ 1.00	\$ 1.00	1.00

CITY OF CREEDMOOR
City Employee Statistics
as of Fiscal Year End

Table 17

Fiscal Year	Administrative Team (1)	City Clerk (2)	Police	Maintenance	Inspections	Planning
2015	3.75	1.00	19.00	4.00	1.75	2.00
2014	2.50	1.00	18.00	5.00	1.75	2.30
2013	3.00	-	17.00	6.00	1.00	4.00
2012	3.00	-	17.00	5.00	1.00	4.00
2011	3.00	-	17.00	5.00	1.00	3.20
2010	2.00	-	17.00	5.00	1.00	1.00
2009	2.00	1.00	16.00	5.00	1.00	1.00

Notes:

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

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

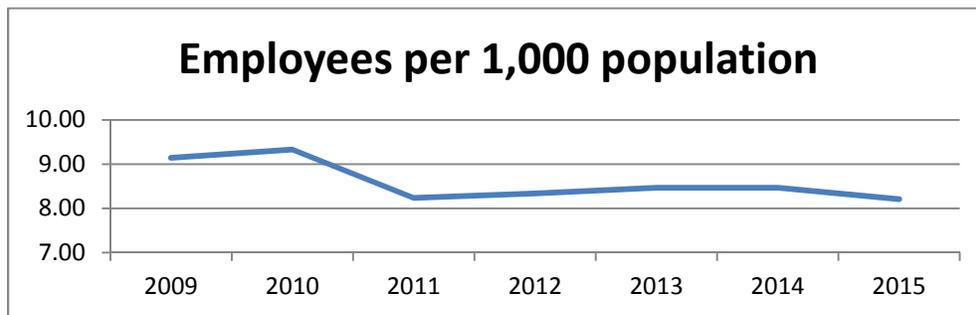
Employees included on this chart are regularly employed by the City, unless otherwise noted. "Regularly employed" in this context means working more than 1,000 hours per year for the City.

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

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

Business Dev./ Transportation	Finance	Recreation	Total per Fiscal Year
1.00	2.00	1.00	35.5
1.00	3.75	1.00	36.3
1.00	3.75	-	35.8
1.00	3.75	-	34.8
1.00	3.75	-	34.0
1.00	3.75	-	30.8
-	4.00	-	30.0

Estimated Population For Fiscal Year		Employees per 1,000 population
2009	3,283	9.14
2010	3,296	9.33
2011	4,124	8.23
2012	4,168	8.34
2013	4,223	8.47
2014	4,289	8.46
2015	4,325	8.21



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

Table 18

	Fiscal Year				
	2006	2007	2008	2009	2010
Administrative (1)					
City Hall	0.5	0.5	0.5	0.5	0.5
Public Safety (1)					
Police stations	0.5	0.5	0.5	0.5	0.5
Police vehicles (3)	NA	10	10	11	<i>11</i>
Fire Stations (2)	1	1	1	1	1
Transportation					
Street mileage	19.01	17.09	16.98	16.98	17.03
Other City vehicles	---	---	---	---	---
Culture and Recreation					
Parks	1	1	1	1	1
Ball fields	2	2	2	2	2
Community center	1	1	1	1	1
Community gym	1	1	1	1	1
Cross-City Trails mileage	NA	NA	NA	NA	NA
Public Utilities (4)					
Water	1	1	1	1	1
Water line mileage	NA	NA	NA	NA	NA
Sewer	1	1	1	1	1
Sewer line mileage	NA	NA	NA	NA	NA

Notes:

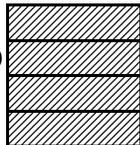
NA = Not Available

(1) The Police Department and City Administration staff (City Manager, Finance, HR, City Clerk, etc.) have shared space in City Hall. This is best represented by showing one half of the building as designated for the respective functions.

(2) The Fire Station is the property of the Creedmoor Volunteer Fire Department. Because the City provides significant funding for the Department, it is included here to provide a more complete picture of public safety in Creedmoor.

(3) Years in italics indicate years with a vehicle(s) on loan from Law Enforcement Support

Fiscal Year				
2011	2012	2013	2014	2015
0.5	0.5	0.5	0.5	0.5
0.5	0.5	0.5	0.5	0.5
<i>11</i>	<i>11</i>	<i>13</i>	<i>13</i>	<i>13</i>
1	1	1	1	1
17.12	16.64	16.62	17.88	17.84
---	---	---	---	10
2	2	2	2	2
2	2	2	2	2
1	1	1	1	1
1	1	1	1	1
NA	NA	1.2	1.2	1.2
1	1	1	1	1
NA	41.0	41.0	41.0	41.0
1	1	1	1	1
NA	43.5	44.1	44.1	44.1



(4) Assets of the Water and Sewer Funds were sold to the South Granville Water and Sewer Authority in March 2015. This section will be deleted in future years.

(5) The Cross City Trails are those additions installed as part of a multi-phase plan. This does not include pre-existing downtown sidewalks. This data is intended to help show Creedmoor's growing commitment to recreation opportunities.

NA = not available

--- = information to be presented prospectively.

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

Table 19

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Finance Department										
Audited Financial Stmts. delivered to NC Local Govt. Commission.	11/22/06	9/26/08	6/24/09	11/25/09	12/2/10	11/8/11	10/31/12	10/31/13	12/8/14	11/25/15
Due Oct. 31st each year	10/31/06	10/31/07	10/31/08	10/31/09	10/31/10	10/31/11	10/31/12	10/31/13	10/31/14	10/31/15
Days (Early)/Past Due Date	22	331	236	25	32	8	0	0	38	25
CAFR delivered to GFOA	NA	NA	NA	2/12/10	12/29/10	12/23/11	12/21/12	11/15/13	12/22/14	12/21/15
Due 12/31 for NC governments	NA	NA	NA	2/28/10 ✓	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15
Days (Early)/Past Due Date				(16)	(2)	(8)	(10)	(46)	(9)	(10)
Debt Set Off (Collection Efforts)										
Total Debt Submitted	\$ 23,629	\$ 23,629	\$ 16,961	\$ 109,422	\$ 34,245	\$ 44,580	\$ 35,729	\$ 42,649	\$ 52,925	\$ 46,002
Successful Collections	13	10	11	19	26	42	26	26	32	11
Amount Received	\$ 1,461	\$ 1,606	\$ 1,507	\$ 3,282	\$ 2,804	\$ 7,058	\$ 4,367	\$ 4,865	\$ 4,284	\$ 1,927
% of submitted	6.18%	6.80%	8.88%	3.00%	8.19%	15.83%	12.22%	11.41%	8.09%	4.19%
Average per Collection	\$ 112.39	\$ 160.65	\$ 136.98	\$ 172.74	\$ 107.84	\$ 168.05	\$ 167.96	\$ 187.12	\$ 133.88	\$ 175.20
Planning, Zoning, and Inspections										
Permits Issued (1)										
Residential Zoning Permits	NA	NA	NA	NA	22	37	29	27	32	72
Residential Construction Permits	NA	NA	NA	NA	203	250	294	278	221	366
Commercial Zoning Permits	NA	NA	NA	NA	7	13	9	6	14	16
Commercial Construction Permits	NA	NA	NA	NA	35	48	57	62	77	54
Builders' Est. Cost-Residential	NA	NA	NA	NA	\$ 2,106,285	\$ 2,126,225	\$ 2,339,162	\$ 2,808,993	\$ 1,457,695	\$ 5,229,876
Builders' Est. Cost-Commercial	NA	NA	NA	NA	\$ 499,430	\$ 176,230	\$ 776,215	\$ 265,058	\$ 3,993,226	\$ 1,422,521
Permit Revenue	\$ 136,352	\$ 83,272	\$ 56,138	\$ 52,273	\$ 34,194	\$ 41,470	\$ 49,892	\$ 52,022	\$ 73,319	\$ 91,841
Police Department (2)										
Total calls to Police Dept.	NA	8,415	8,645	10,110	9,731	9,639	6,600	6,574	5,961	11,489
Calls generating open cases	573	514	420	557	485	477	298	330	348	410
Cases closed	328	288	261	374	328	328	215	298	293	389
Percent of cases closed	57.2%	56.0%	62.1%	67.1%	67.6%	68.8%	72.1%	90.3%	84.2%	94.9%
Patrol miles driven	NA	102,312	124,000	132,628	96,787	93,519	118,908	125,108	81,113	130,187
Solid Waste and Recycling Efforts (3)										
(Tons collected)										
Municipal Solid Waste	NA	NA	NA	NA	NA	NA	NA	1,317.68	1,305.05	1,291.02
Residential Recycling (tons)										
Plastic	NA	NA	NA	NA	NA	3.55	6.97	18.77	16.68	17.10
Paper	NA	NA	NA	NA	NA	23.65	46.44	125.12	111.22	114.08
Glass	NA	NA	NA	NA	NA	7.88	15.48	41.72	37.07	38.03
Aluminum	NA	NA	NA	NA	NA	2.37	4.64	12.50	11.12	11.40
Metal Cans	NA	NA	NA	NA	NA	1.97	3.87	10.44	9.27	9.50
Total Recycle Tonnage						39.42	77.40	208.55	185.36	190.11
City Hall Recycling Efforts										
Office Paper Recycled (lbs.)	NA	NA	NA	NA	NA	NA	NA	NA	NA	1,458
Tonnage	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.73
Estimated Trees Saved	NA	NA	NA	NA	NA	NA	NA	NA	NA	12.5

Administrative Services

Web Site Development/Management (4)										
Users	NA	9,801	23,329	27,255						
New visitors , as a percentage of all users	NA	50.3%	44.2%	44.3%						
Pageviews	NA	89,118	182,909	176,811						

Notes:

As disclosed in the Letter of Transmittal and throughout the document, this is the City's seventh (7th) CAFR. Prior administrations and management did not put emphasis on recordkeeping and tracking performance measures. Information and performance measures are being developed and implemented to provide more clarity on the City's financial condition and the performance of key operating activities.

- (1) During FY 10, detailed tracking of permit activity was developed. The only prior information is for FY 09 and is not in the same format. For clarity, that earlier information has been excluded.
- (2) Beginning in FY14, new procedures were established in the police department to provide the information on a fiscal year basis instead of a calendar year basis. Information from FY14 should clearly be for July to June fiscal years.
- (3) Solid waste and recycling services provided by Waste Industries, Inc., on a contract basis. Collection efforts prior to FY13 are estimations based on Waste Industries information. The City is working closer with Waste Industries for future reporting.
- (4) Redesigned web site went live in January 2013.

√ The City issued its first CAFR for FY 2009. CAFR preparation began in early December 2009, with the addition of a new finance director. The GFOA allowed an extension to 2/28/2010 because of the circumstances in the City.

As disclosed in the Letter of Transmittal and throughout the document, the City of Creedmoor sold its water and sewer utility system to the South Granville Water and Sewer Authority (SGWASA), at the end of March 2015. All water lines, sewer lines, and City of Creedmoor utility customers are now part of SGWASA. Utility system operating indicators no longer are clear and useful information for the CAFR readers. Accordingly, that information has been deleted from the current table of operating indicators. Prior year information is available upon request. SGWASA has historically not published a CAFR.

Operating indicators shown in italics are best estimates at time of this schedule preparation.

City of Creedmoor

USDA Water and Sewer Infrastructure Project
From Inception, to March 25, 2015

Table 20

<i>Revenues</i>	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
USDA Loan Portion	\$ 4,965,000	\$ 4,965,000	\$ -	\$ 4,965,000	\$ -
USDA Grant Portion, rounded	3,935,000	3,473,337	461,663	3,935,000	-
	<u>\$ 8,900,000</u>	<u>\$ 8,438,337</u>	<u>\$ 461,663</u>	<u>\$ 8,900,000</u>	<u>\$ -</u>
<i>Expenditures</i>					
Water Tank Construction	\$ 1,639,000	\$ 1,339,000	\$ -	\$ 1,339,000	\$ 300,000
Other Water Construction/Rehabilitation	3,030,725	3,445,555	-	3,445,555	(414,830)
Sewer Construction/Rehabilitation	2,775,449	3,201,423	204,337	3,405,760	(630,311)
Professional Services *	936,257	920,251	44,361	964,612	(28,355)
Interest during construction	308,700	100,452	141,342	241,794	66,906
Contingency	710,080	-	-	-	710,080
	9,400,211	9,006,681	390,040	9,396,721	3,490
Revenues over (under) expenditures	(500,211)	(568,344)	71,623	(496,721)	3,490
<i>Other Financing Sources</i>					
Transfer from Operations	500,211	592,669	(92,458)	500,211	-
Revenues & Other Financing Sources over (under) expenditures	\$ -	<u>\$ 24,325</u>	<u>\$ (20,835)</u>	<u>\$ 3,490</u>	<u>\$ 3,490</u>

Note:

The City secured loan and grant financing for a major water and sewer infrastructure project in the early part of 2010. Because the City treats the Water Fund and the Sewer Fund as separate funds, the water and sewer portions of the project were budgeted separately. This information is presented to show the combined effort of the project.

* The City's payment of preliminary engineering expenses and other preliminary expenses has been accepted as satisfying the \$500,000 local match.

Final work was completed for the rehabilitation of Creedmoor's lagoon. This was the abandoned site where sewage was dumped.

City of Creedmoor
North Carolina

COMPLIANCE SECTION

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

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

Certified Public Accountants



America Counts on CPAs

James P. Winston II, CPA
Gary L. Williams, CPA
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K. Jamison Crampton, CPA

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

Independent Auditor's Report

Honorable Mayor and Board of Commissioners
City of Creedmoor, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Creedmoor, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the City of Creedmoor's basic financial statements, and have issued our report thereon dated November 25, 2015.

Internal Control Over Financial Reporting

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

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

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

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deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Winston, Williams, Creech, Evans & Co., LLP

Oxford, North Carolina
November 25, 2015

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

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Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; In Accordance With OMB Circular A-133; and the State Single Audit Implementation Act

Independent Auditor's Report

Honorable Mayor and Board of Commissioners
City of Creedmoor, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the City of Creedmoor, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Creedmoor's major federal programs for the year ended June 30, 2015. The City of Creedmoor's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Creedmoor's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of

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Creedmoor's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Creedmoor complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the City of Creedmoor is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Creedmoor's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Creedmoor's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Oxford, North Carolina

November 25, 2015

**CITY OF CREEDMOOR, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2015**

B - Financial Statement Findings

No findings for the year ended June 30, 2015

C - Federal Award Findings and Questioned Costs

No findings for the year ended June 30, 2015

**CITY OF CREEDMOOR, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Prior Year Audit Findings:

Financial Statement Findings

None reported

Federal Award Findings

None reported

CITY OF CREEDMOOR
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Grantor/Pass-through</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
Federal Awards:			
<u>U S Department of Agriculture</u>			
Water and Waste Disposal Systems for Rural Communities	10.760	\$ 219,830	
<u>U S Department of Transportation</u>			
Highway Planning and Construction Passed through N C Department of Transportation	20.205-4	223,154	
Highway Planning and Construction Passed through N C Department of Transportation (US15 sidewalk project)	20.205	63,057	15,764
State Awards:			
<u>N C Department of Transportation</u>			
Powell Bill			116,843
Total Assistance		\$ 506,041	\$ 132,607

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

Note 1-Basis of Presentation

The accompanying schedule of expenditures of Federal and State awards includes the Federal and State grant activity of the City of Creedmoor and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.