

**TOWN OF MAIDEN
NORTH CAROLINA**

ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019

TOWN OF MAIDEN, NORTH CAROLINA
Annual Financial Report
Fiscal Year Ended June 30, 2019

Town Council - Policy

Robert L. Smyre, Mayor

Town Council:

Max Bumgarner, Jr. (Mayor Pro-Tem)

Trina Michael

Marcus Midgett

Ronnie Williams

Danny Hipps

Other Town Officials

Todd Herms

Town Manager

Elizabeth Yokley-Krige

Town Clerk

Dianne Lowe

Finance Officer

Tracy Ledford

Police Chief

Billy Price

Public Works Director

Jody Rogers

Recreation Director

TOWN OF MAIDEN, NORTH CAROLINA
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Financial Section

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 - * **Management's Discussion and Analysis**
 - * **Basic Financial Statements**
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Debora B. Wentz, CPA
Post Office Box 287
Newton, North Carolina, 28658
INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Maiden, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 7 through 18, the Local Government Employees' Retirement System's Schedules of the

Proportionate Share of the Net Pension Liability and Contributions, on pages 79 through 80, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 81, Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 82 through 83, and the Other Post-Employment Benefit Schedule of Changes in the Total OPEB Liability and Related Ratios on page 84, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 29, 2019, on my consideration of the Town of Maiden, North Carolina's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Maiden, North Carolina's internal control over financial reporting and compliance.

Deborah B. Wentz, CPA

Newton, North Carolina
November 29, 2019

Management's Discussion and Analysis

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Town of Maiden, NC
Management's Discussion and Analysis

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

Financial Highlights

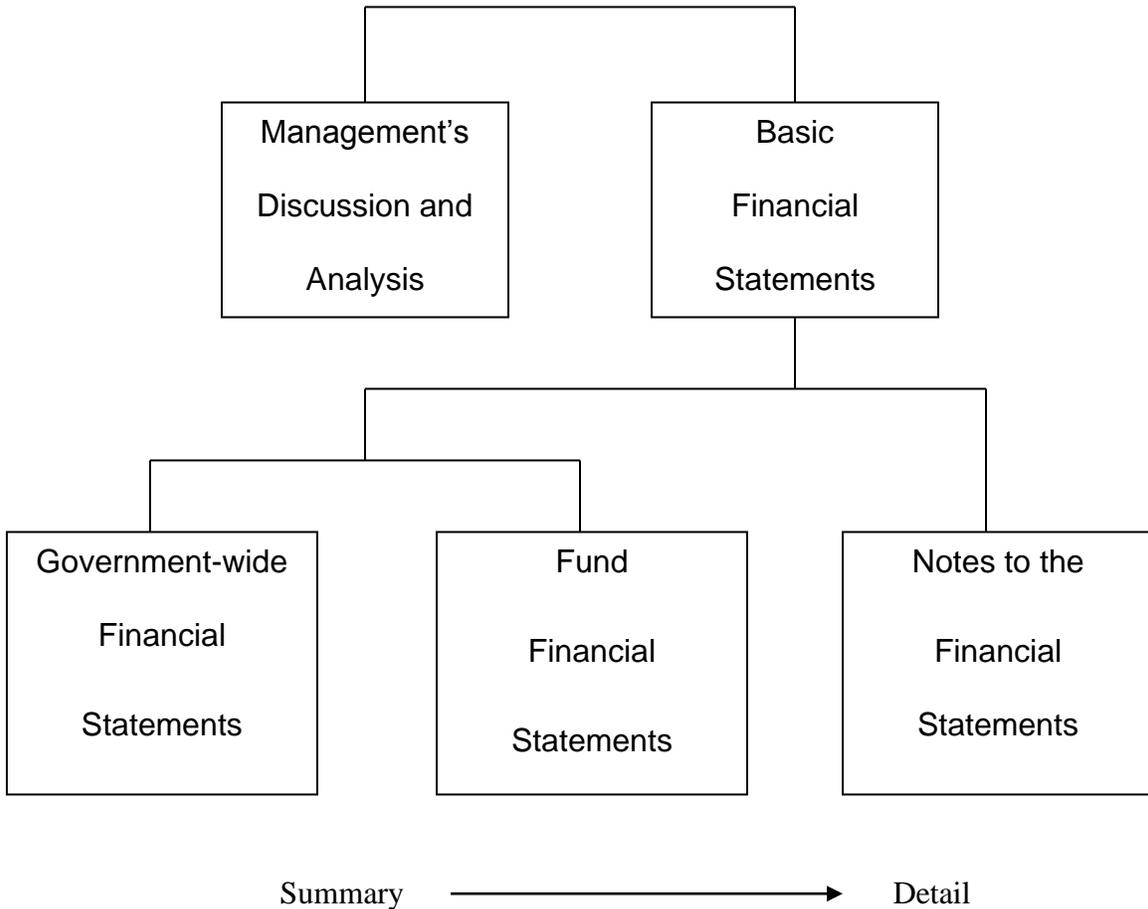
- The assets and deferred outflows of resources of the Town of Maiden exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$28,892,579 (net position).
- The government's total net position increased by \$211,662, primarily due to increases in the business activities net position.
- As of the close of the current fiscal year, the Town of Maiden's governmental funds reported combined ending fund balances of \$3,546,469, an decrease of \$281,098 in comparison with the prior year. Approximately 56.13 percent of this total, or \$1,990,459 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,990,459 or 21.17 percent of total general fund expenditures for the fiscal year.
- The Town of Maiden's interest earnings increased by \$84,315 or 96.21 percent during the current fiscal year, due to an increased rate of return on investments.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in

Management Discussion and Analysis
Town of Maiden

and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

Proprietary Funds – Town of Maiden has two proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Maiden used enterprise funds to account for its water and sewer activity and for its electric operations. 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 35 of this report.

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

Management Discussion and Analysis
Town of Maiden

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial condition. In the case of Town of Maiden, assets and deferred outflows exceed liabilities and deferred inflows by \$28,892,579 as of June 30, 2019.

Table 1
Condensed Statement of Net Position
As of June 30, 2019

	Governmental Activities		Business-type Activities		Total Primary Government	
	06/30/19	06/30/18	06/30/19	06/30/18	06/30/19	06/30/18
Current and other assets	\$ 3,626,832	\$ 3,994,479	\$ 7,760,889	\$ 7,560,033	\$ 11,387,721	\$ 11,554,512
Capital assets	10,759,972	10,609,261	10,807,914	10,777,668	21,567,886	21,386,929
Deferred outflows of resources	614,378	365,285	188,986	109,903	803,364	475,188
Total assets and deferred outflow of resources	15,001,182	14,969,025	18,757,789	18,447,604	33,758,971	33,416,629
Current liabilities	340,102	425,338	401,781	309,060	741,883	734,398
Long-term liabilities	3,191,222	3,093,019	878,353	857,569	4,069,575	3,950,588
Deferred inflows of resources	47,216	40,347	7,818	10,379	55,034	50,726
Total liabilities and deferred inflows of resources	3,578,540	3,558,704	1,287,952	1,177,008	4,866,492	4,735,712
Net Position:						
Net investment of capital assets	8,804,972	8,435,927	10,189,191	10,079,932	18,994,163	18,515,859
Restricted	835,211	1,208,565	-	-	835,211	1,208,565
Unrestricted	1,782,559	1,765,829	7,280,646	7,190,664	9,063,205	8,956,493
Total net position	\$ 11,422,742	\$ 11,410,321	\$ 17,469,837	\$ 17,270,596	\$ 28,892,579	\$ 28,680,917

The Town’s net position increased by \$211,662 for the fiscal year ending June 30, 2019.

Management Discussion and Analysis
Town of Maiden

The largest portion of Town of Maiden's net position (65.74%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery and equipment). The Town of Maiden used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Maiden's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay this debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town of Maiden's net position, \$835,211, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,063,205 is unrestricted.

The government's net position increased by \$211,662 during the current fiscal year. A major factor in this increase is that revenues exceeded expenditures in the business-type funds.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.69%. Of the total collection percentage reported, the tax collection rate for property excluding registered motor vehicles was 99.69%. Ad Valorem Tax revenues increased by \$ 291,267 (accrual basis) over revenues in fiscal year 2017-2018.
- In the business-type activities, the charges for services revenues provided for water and sewer activities reflected an increase in revenues of \$237,644 while the electric activities showed a \$29,380 increase.
- Additionally, expenses for the business-type activities reflected an increase in expenses of \$440,194 which consisted of increased expenses for water and sewer activities of \$497,449 and a decrease of \$57,255 for the electric activities.

Management Discussion and Analysis
Town of Maiden

**Town of Maiden Changes in Net Position
Table 2**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 240,673	\$ 243,523	\$ 9,904,588	\$ 9,637,564	\$ 10,145,261	\$ 9,881,087
Operating grants and contributions	393,132	389,778	-	-	393,132	389,778
Capital grants and contributions	-	9,400	10,351	247,817	10,351	257,217
General revenues:						
Property taxes	6,207,413	5,902,620	-	-	6,207,413	5,902,620
Local option sales tax	771,554	739,772	-	-	771,554	739,772
Unrestricted intergovernmental	1,020,482	988,528	-	-	1,020,482	988,528
Investment earnings	90,212	42,504	81,741	45,134	171,953	87,638
Miscellaneous	4,424	32,714	-	-	4,424	32,714
Total revenues	8,727,890	8,348,839	9,996,680	9,930,515	18,724,570	18,279,354
Expenses:						
Governmental activities						
General government	5,003,165	4,910,018	-	-	5,003,165	4,910,018
Public safety	2,003,403	1,894,497	-	-	2,003,403	1,894,497
Environmental protection	271,267	291,553	-	-	271,267	291,553
Transportation	812,747	815,794	-	-	812,747	815,794
Cultural and recreational	566,450	483,524	-	-	566,450	483,524
Interest on long-term debt	58,437	64,147	-	-	58,437	64,147
Business-type activities						
Water and sewer	-	-	2,553,533	2,056,084	2,553,533	2,056,084
Electric	-	-	7,243,906	7,301,161	7,243,906	7,301,161
Total expenses	8,715,469	8,459,533	9,797,439	9,357,245	18,512,908	17,816,778
Increase (decrease) in net position before transfers	12,421	(110,694)	199,241	573,270	211,662	462,576
Transfer in (out)	-	(15,606)	-	15,606	-	-
Total increase (decrease) in net position	12,421	(126,300)	199,241	588,876	211,662	462,576
Beginning net position	11,410,321	11,925,686	17,270,596	16,774,700	28,680,917	28,700,386
Restatement	-	(389,065)	-	(92,980)	-	(482,045)
Ending net position	\$ 11,422,742	\$ 11,410,321	\$ 17,469,837	\$ 17,270,596	\$ 28,892,579	\$ 28,680,917

Governmental activities. Governmental activities increased the Town's net position by \$12,421, thereby accounting for 5.9% of the total incline in the net position of the Town of Maiden.

Key elements of this increase are as follows:

- Increase in Ad Valorem taxes due to the expansion of industry.

Business-type activities. Business-type activities increased Town of Maiden's net position by \$199,241, accounting for 94.14% of the total growth in the government's net position. The key elements in this increase are as follows:

- The business-type activities revenues increased by \$267,024.
- Due to increase in investment earnings rate of return, interest income increased by \$36,607, an 81.11% increase from the prior year.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Town of Maiden's governmental funds reported combined ending fund balances of \$3,546,469, a decrease of \$281,098 in comparison with the prior year. Approximately 56.13% of this total amount, \$1,990,459, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The fund balance is restricted to indicate that it is not available for new spending because it has already been restricted 1) by North Carolina state statute (\$596,675), 2) for Streets by Powell Bill (\$146,439), and 3) other restrictions for a total restricted of \$92,097.

The General Fund is the chief operating fund of Town of Maiden. At the end of the current fiscal year, The Town of Maiden's fund balance available in the general fund was \$2,318,006, while total fund balance was \$2,917,890. The Town currently has an available fund balance of 24.66% of total general fund expenditures, while total fund balance represents 77.71% of the same amount.

Management Discussion and Analysis
Town of Maiden

The fund balance of the Town of Maiden's General Fund decreased by \$5,606 during the current fiscal year due to increase in expenditures for debt service payments and economic incentives.

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

- Police Department – Capital and non-capital outlay for resource officer vehicles and equipment - \$115,000
- The General Fund was amended to increase expenditures in the Street Department for the storm water improvements on E. Klutz Street and E. Boyd Street and utilities incurred for the new splash pad - \$270,658.
- The General Fund was amended to increase expenditures in Town Hall department for repairs to HVAC system.
- The General Fund was amended to increase expenditures for worker's Compensation Insurance premiums - \$19,985.
- Pay study implementation in General Fund - \$39,250.
- Additional funds needed for land acquisition for the fire department - \$30,000.

Proprietary Funds. The Town of Maiden's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$4,994,733, and for the Electric Fund, \$2,285,913. The total change in net position for the Water and Sewer and the Electric Funds was a decrease in Water and Sewer of \$25,593 and an increase in Electric of \$224,834.

Capital Asset and Debt Administration

Capital assets. Town of Maiden's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of June 30, 2019, amounts to \$21,567,886. This investment in capital assets includes construction in progress, land, buildings, system improvements, machinery and equipment. The total increase in Town of Maiden's investment in capital assets for the current fiscal year was 0.85%. Major purchases during the year for capital assets were as follows:

Management Discussion and Analysis
Town of Maiden

Governmental activities -

- Street Department – Ford F150 truck - \$29,165
- Recreation Center – concrete under bleachers - \$23,615
- Recreation Center – Inline net system - \$21,594
- Vehicles for school resource officers and equipment - \$115,000
- (2) Police Interceptor Ford Explorers - \$67,573
- Land acquisition for fire department - \$173,533

Business-type activities –

- Improvements to pump stations - \$49,575
- WWTP – Hydrogritter - \$45,450
- Upgrades to the GKN substation electric - \$108,195
- Splash Pad - \$61,454
- Sewer main relining - \$20,217
- Water department truck - \$28,596
- Pole and wire replacement – N. 3rd, Union, Klutz St. and Rec Center - \$47,000

**Town of Maiden
Capital Assets, Net of Depreciation
as of June 30, 2019**

Table 3

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,270,213	\$ 1,091,679	\$ 205,816	\$ 205,816	\$ 1,476,029	\$ 1,297,495
Construction in progress	2,707,631	2,575,791	789,039	583,098	3,496,670	3,158,889
Building	5,026,775	5,089,506	81,377	-	5,108,152	5,089,506
Equipment	397,810	512,373	342,341	297,560	740,151	809,933
Distribution system Substation, lines and equipment	-	-	7,144,750	7,566,845	7,144,750	7,566,845
Vehicles	573,124	525,265	219,266	198,024	792,390	723,289
Infrastructure	784,419	814,647	-	-	784,419	814,647
Total	\$ 10,759,972	\$10,609,261	\$ 10,807,914	\$ 10,777,668	\$ 21,567,886	\$ 21,386,929

Additional information on Town of Maiden’s capital assets can be found in Note 3.

Management Discussion and Analysis
Town of Maiden

Long-term Debt. At the end of the current fiscal year, Town of Maiden had total outstanding debt excluding compensated absences, net pension obligations and other post-employment benefits of \$2,573,723. This debt is backed by the full faith and credit of the Town.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	06/30/19	06/30/18	06/30/19	06/30/18	06/30/19	06/30/18
Installment Purchases	<u>\$ 1,955,000</u>	<u>\$ 2,173,334</u>	<u>\$ 618,723</u>	<u>\$ 697,736</u>	<u>\$ 2,573,723</u>	<u>\$ 2,871,070</u>

Town of Maiden’s total debt, excluding compensated absences, net pension obligations, and other post-employment benefits, decreased by \$297,347 (approximately 10.36%) due to added waterlines for Davis Road/St James Church Road.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8 percent of its total assessed valuation. The current debt limitation for Town of Maiden is \$139,160,642.

Additional information on Town of Maiden’s long-term debt can be found in Note 3.

Economic Factors and Next Year’s Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town. The Town of Maiden is located within Catawba County and Lincoln County. The vast majority is in Catawba County which has an unemployment rate of 3.4%, and a small portion is in Lincoln County which has an unemployment rate of 3.3%. Both of which is lower than the State of North Carolina average of 4%.

In preparing the budget for the 2019-2020 fiscal year, the Town is anticipating the following in regard to the Town’s revenues and expenditures:

Governmental Activities

- Tax revenues will remain the largest portion of the Town’s revenues and will remain stable.
- This year there will not be any major projects, in order to allow the fund balance to replenish itself from the major projects of the past few years.
- The Landfill Fees/Recycling bill will increase by \$1.25 per month per household to offset cost increases for recycling.

Management Discussion and Analysis
Town of Maiden

Business-type Activities

- The water and sewer rates in the Town will increase by approximately 2.5%.
- The electric rates in the Town will remain the same.

Requests for Information

This report is designed to provide a general overview of Town of Maiden's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Dianne Lowe, Finance Director, Town of Maiden, 19 North Main Street, Maiden, N.C. 28650.

Basic Financial Statements

The Basic Financial Statements present a condensed overview of the financial position and results of operations of the Town as a whole. They also serve as an introduction to the more detailed statements and schedules that follow.

TOWN OF MAIDEN, NORTH CAROLINA
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
	\$	\$	\$
Assets			
Current assets:			
Cash and cash equivalents	2,797,965	6,072,416	8,870,381
Taxes receivables (net)	16,913		16,913
Accrued interest receivable on taxes	5,234		5,234
Accounts receivable (net)	7,566	827,799	835,365
Due from other governments	555,278		555,278
Inventories		702,454	702,454
Restricted cash and cash equivalents	239,721	156,535	396,256
Prepaid items	4,155	1,685	5,840
Total current assets	<u>3,626,832</u>	<u>7,760,889</u>	<u>11,387,721</u>
Non-current assets:			
Capital assets (Note 3):			
Land, non-depreciable improvements, and construction in progress	3,977,844	994,855	4,972,699
Other capital assets, net of depreciation	6,782,128	9,813,059	16,595,187
Total capital assets	<u>10,759,972</u>	<u>10,807,914</u>	<u>21,567,886</u>
Total assets	<u>14,386,804</u>	<u>18,568,803</u>	<u>32,955,607</u>
Deferred Outflows of Resources	<u>614,378</u>	<u>188,986</u>	<u>803,364</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	56,883	147,383	204,266
Accrued interest payable	1,245		1,245
Customer deposits	1,185	156,535	157,720
Current portion of long-term liabilities	280,789	97,863	378,652
Total current liabilities	<u>340,102</u>	<u>401,781</u>	<u>741,883</u>
Long-term liabilities:			
Due in more than one year	3,191,122	878,353	4,069,475
Total liabilities	<u>3,531,224</u>	<u>1,280,134</u>	<u>4,811,358</u>
Deferred Inflows of Resources	<u>47,216</u>	<u>7,818</u>	<u>55,034</u>

TOWN OF MAIDEN, NORTH CAROLINA
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental	Business-	Total
	Activities	Type	
	\$	\$	\$
Net Position			
Net investment in capital assets	8,804,972	10,189,191	18,994,163
Restricted for:			
Stabilization by State Statute	596,675		596,675
Transportation	146,439		146,439
Public Safety	29,382		29,382
Cemetery Care	62,715		62,715
Unrestricted	<u>1,782,559</u>	<u>7,280,646</u>	<u>9,063,205</u>
Total net position	<u>11,422,742</u>	<u>17,469,837</u>	<u>28,892,579</u>

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

TOWN OF MAIDEN, NORTH CAROLINA

Statement of Activities

For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u> \$	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>			
		<u>Charges for Services</u> \$	<u>Operating Grants and Contributions</u> \$	<u>Capital Grants and Contributions</u> \$	<u>Primary Government</u>		<u>Total</u> \$
					<u>Governmental Activities</u> \$	<u>Business-Type Activities</u> \$	
Primary government:							
Governmental activities:							
General government	5,003,165	35,767			(4,967,398)		(4,967,398)
Public safety	2,003,403	873	281,140		(1,721,390)		(1,721,390)
Transportation	812,747		109,473		(703,274)		(703,274)
Environmental protection	271,267	125,153	2,519		(143,595)		(143,595)
Cultural and recreational	566,450	78,880			(487,570)		(487,570)
Interest on long-term debt	<u>58,437</u>	<u> </u>	<u> </u>	<u> </u>	<u>(58,437)</u>	<u> </u>	<u>(58,437)</u>
Total governmental activities (See Note 1)	<u>8,715,469</u>	<u>240,673</u>	<u>393,132</u>	<u> 0</u>	<u>(8,081,664)</u>	<u> 0</u>	<u>(8,081,664)</u>
Business-type activities:							
Water and sewer	2,553,533	2,448,866		10,351		(94,316)	(94,316)
Electric	<u>7,243,906</u>	<u>7,455,722</u>	<u> </u>	<u> </u>	<u> </u>	<u>211,816</u>	<u>211,816</u>
Total business-type activities	<u>9,797,439</u>	<u>9,904,588</u>	<u> 0</u>	<u>10,351</u>	<u> 0</u>	<u>117,500</u>	<u>117,500</u>
Total primary government	<u>18,512,908</u>	<u>10,145,261</u>	<u>393,132</u>	<u>10,351</u>	<u>(8,081,664)</u>	<u>117,500</u>	<u>(7,964,164)</u>

TOWN OF MAIDEN, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Total</u> \$
	Expenses \$	Charges for Services \$	Operating Grants and Contributions \$	Capital Grants and Contributions \$	<u>Primary Government</u>		
					Governmental Activities \$	Business-Type Activities \$	
General revenues:							
Taxes:							
Property taxes, levied for general purpose					6,207,413		6,207,413
Local option sales tax					771,554		771,554
Grants and contributions not restricted to specific programs					1,020,482		1,020,482
Unrestricted investment earnings					90,212	81,741	171,953
Miscellaneous					<u>4,424</u>		<u>4,424</u>
Total general revenues not including transfers					8,094,085	81,741	8,175,826
Transfers							<u>0</u>
Total general revenues and transfers					<u>8,094,085</u>	<u>81,741</u>	<u>8,175,826</u>
Change in net position					12,421	199,241	211,662
Net position, beginning, previously reported					<u>11,410,321</u>	<u>17,270,596</u>	<u>28,680,917</u>
Net position, ending					<u>11,422,742</u>	<u>17,469,837</u>	<u>28,892,579</u>

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

TOWN OF MAIDEN, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds			
	General Fund	Police Facility Construction Capital Project Fund	Total Non-Major Funds	Total Governmental Activities
	\$	\$	\$	\$
Assets				
Cash and cash equivalents	2,233,047	238,240	326,678	2,797,965
Restricted cash	177,006		62,715	239,721
Receivables (net):				
Taxes	16,913			16,913
Accounts	6,620		946	7,566
Due from other governments	555,278			555,278
Prepaid items	4,155			4,155
Total assets	<u>2,993,019</u>	<u>238,240</u>	<u>390,339</u>	<u>3,621,598</u>
Liabilities				
Accounts payable and accrued liabilities	56,883			56,883
Customer deposits	1,185			1,185
Total liabilities	<u>58,068</u>	<u>0</u>	<u>0</u>	<u>58,068</u>
Deferred Inflows of Resources				
Property taxes receivable	16,913			16,913
Prepaid taxes	148			148
Total deferred inflows of resources	<u>17,061</u>	<u>0</u>	<u>0</u>	<u>17,061</u>
Fund Balances				
Nonspendable				
Prepaid expenses	4,155			4,155
Restricted				
Stabilization by State Statute	595,729		946	596,675
Streets	146,439			146,439
Public safety	29,382			29,382
Cemetery care			62,715	62,715
Committed				
Capital improvements		238,240	326,678	564,918
Assigned				
Subsequent year's expenditures	151,726			151,726
Unassigned	1,990,459			1,990,459
Total fund balances	<u>2,917,890</u>	<u>238,240</u>	<u>390,339</u>	<u>3,546,469</u>
Total liabilities, deferred inflows of resources and fund balances	<u>2,993,019</u>	<u>238,240</u>	<u>390,339</u>	

TOWN OF MAIDEN, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2019

\$

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

Total Fund Balances, Governmental Funds			3,546,469
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Gross capital assets at historical cost		20,079,446	
Accumulated depreciation		<u>(9,319,474)</u>	10,759,972
Deferred outflows of resources related to pensions are not reported in the funds			578,816
Deferred outflows of resources related to OPEB are not reported in the funds			35,562
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are inflows of resources in the funds.			5,234
Liabilities for earned revenues considered deferred inflows of resources in fund statements.			16,913
Long-term liabilities used in governmental activities are not financial uses and therefore not included in the funds			
Net OPEB obligation not reported in the funds			(369,018)
Net pension obligation not reported in the funds (LGERS)			(669,340)
Net pension obligation not reported in the funds (LEO)			(347,950)
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)			(2,085,603)
Deferred inflows of resources related to pensions are not reported in the funds			(29,206)
Deferred inflows of resources related to OPEB are not reported in the funds			(17,862)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.			<u>(1,245)</u>
Net position of governmental activities			<u>11,422,742</u>

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

TOWN OF MAIDEN, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds			
	General Fund	Police Facility Construction Capital Project Fund	Total Non-Major Funds	Total Governmental Funds
	\$	\$	\$	\$
Revenues				
Ad valorem taxes	6,208,931			6,208,931
Other taxes and licenses	226,867			226,867
Unrestricted intergovernmental	1,792,036			1,792,036
Restricted intergovernmental	149,541			149,541
Permits and fees	3,680			3,680
Sales and services	204,906			204,906
Investment earnings	83,865		6,347	90,212
Miscellaneous	39,511			39,511
Total revenues	8,709,337	0	6,347	8,715,684
Expenditures				
Current:				
General government	5,400,976			5,400,976
Public safety	2,105,237			2,105,237
Transportation	796,107			796,107
Environmental protection	270,167			270,167
Cultural and recreational	552,524			552,524
Debt service:				
Principal	218,333			218,333
Interest and other charges	58,572			58,572
Capital outlay		131,839		131,839
Total expenditures	9,401,916	131,839	0	9,533,755
Excess (deficiency) of revenues over (under) expenditures	(692,579)	(131,839)	6,347	(818,071)

TOWN OF MAIDEN, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds			
	General Fund \$	Police Facility Construction Capital Project Fund \$	Total Non-Major Funds \$	Total Governmental Funds \$
Other Financing Sources (Uses)				
Reimbursement from:				
Electric Fund	219,275			219,275
Water and Sewer Fund	317,698			317,698
Transfers from:				
General Capital Project Reserve Fund	150,000			150,000
Transfers to:				
General Fund	_____	_____	(150,000)	(150,000)
Total other financing sources (uses)	<u>686,973</u>	<u>0</u>	<u>(150,000)</u>	<u>536,973</u>
Net change in fund balance	(5,606)	(131,839)	(143,653)	(281,098)
Fund balances, beginning	<u>2,923,496</u>	<u>370,079</u>	<u>533,992</u>	<u>3,827,567</u>
Fund balances, ending	<u><u>2,917,890</u></u>	<u><u>238,240</u></u>	<u><u>390,339</u></u>	<u><u>3,546,469</u></u>

TOWN OF MAIDEN, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	\$	\$
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net changes in fund balances - total governmental funds		(281,098)
Governmental funds report capital outlays as expenditures.		
However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay expenditures which were capitalized	615,409	
Depreciation expense for governmental assets	(461,698)	153,711
Contributions of the pension plan in the current fiscal year are not included on the Statement of Activities	149,040	
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	9,570	
OPEB benefit payments and administrative costs made in current fiscal year are not included on the Statement of Activities	<u>35,562</u>	194,172
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Change in unavailable revenue for tax revenues	(3,762)	
Change in accrued interest receivable on taxes	<u>2,244</u>	(1,518)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on long-term debt	218,333	
Decrease in accrued interest payable	<u>140</u>	218,473
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(27,967)	
Net pension obligation	(228,515)	
Other postemployment benefits	(11,837)	
Loss on disposition of capital assets	<u>(3,000)</u>	<u>(271,319)</u>
Total changes in net position of governmental activities		<u><u>12,421</u></u>

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

TOWN OF MAIDEN, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

	<u>General Fund</u>			Variance with Final Budget
	Original Budget	Final Budget	Actual Amounts	Positive (Negative)
	\$	\$	\$	\$
Revenues:				
Ad valorem taxes	6,272,694	6,272,694	6,208,931	(63,763)
Other taxes and licenses	227,000	227,000	226,867	(133)
Unrestricted intergovernmental	1,697,012	1,697,012	1,792,036	95,024
Restricted intergovernmental	156,276	159,759	149,541	(10,218)
Sales and services	213,500	213,500	204,906	(8,594)
Permits and fees	2,250	2,250	3,680	1,430
Investment earnings	13,512	13,512	83,865	70,353
Miscellaneous	<u>77,955</u>	<u>77,955</u>	<u>39,511</u>	<u>(38,444)</u>
Total revenues	<u>8,660,199</u>	<u>8,663,682</u>	<u>8,709,337</u>	<u>45,655</u>
Expenditures:				
Current:				
General government	5,535,513	5,832,517	5,400,976	431,541
Public safety	2,105,751	2,266,943	2,105,237	161,706
Transportation	700,875	979,950	796,107	183,843
Environmental protection	276,880	292,880	270,167	22,713
Cultural and recreational	600,550	622,464	552,524	69,940
Debt service:				
Principal	218,335	218,335	218,333	2
Interest and other charges	<u>58,573</u>	<u>58,573</u>	<u>58,572</u>	<u>1</u>
Total expenditures	<u>9,496,477</u>	<u>10,271,662</u>	<u>9,401,916</u>	<u>869,746</u>
Revenues over (under) expenditures	<u>(836,278)</u>	<u>(1,607,980)</u>	<u>(692,579)</u>	<u>915,401</u>

TOWN OF MAIDEN, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2019

	General Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual Amounts	Positive (Negative)
	\$	\$	\$	\$
Other Financing Sources:				
Reimbursement from:				
Electric Fund	219,275	219,275	219,275	
Water and Sewer Fund	317,698	317,698	317,698	
Transfer from:				
General Capital Project Reserve Fund		150,000	150,000	
Proceeds from sale of capital assets	<u>20,000</u>	<u>20,000</u>	<u> </u>	(20,000)
Total other financing sources	<u>556,973</u>	<u>706,973</u>	<u>686,973</u>	(20,000)
 Fund balance appropriated	 <u>279,305</u>	 <u>901,007</u>	 <u> </u>	 (901,007)
 Net change in fund balance	 <u><u>0</u></u>	 <u><u>0</u></u>	 (5,606)	 (5,606)
 Fund balances, beginning			 <u>2,923,496</u>	
 Fund balances, ending			 <u><u>2,917,890</u></u>	

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

TOWN OF MAIDEN, NORTH CAROLINA
Statement of Fund Net Position
Proprietary Funds
June 30, 2019

	Major Enterprise Funds		
	Water and Sewer Fund \$	Electric Fund \$	Total \$
Assets			
Current assets:			
Cash and cash equivalents	4,825,944	1,246,472	6,072,416
Restricted cash and cash equivalents	37,510	119,025	156,535
Accounts receivable (net)	192,192	635,607	827,799
Inventories	222,337	480,117	702,454
Prepaid items	<u> </u>	<u>1,685</u>	<u>1,685</u>
Total current assets	<u>5,277,983</u>	<u>2,482,906</u>	<u>7,760,889</u>
Noncurrent assets:			
Capital assets:			
Land and other non-depreciable assets	975,055	19,800	994,855
Other capital assets, net of depreciation	<u>7,468,833</u>	<u>2,344,226</u>	<u>9,813,059</u>
Total noncurrent assets	<u>8,443,888</u>	<u>2,364,026</u>	<u>10,807,914</u>
Total assets	<u>13,721,871</u>	<u>4,846,932</u>	<u>18,568,803</u>
Deferred Outflows of Resources	<u>116,787</u>	<u>72,199</u>	<u>188,986</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	120,787	26,596	147,383
Deposits	37,510	119,025	156,535
Current portion of long-term debt	<u>87,096</u>	<u>10,767</u>	<u>97,863</u>
Total current liabilities	245,393	156,388	401,781
Noncurrent liabilities:			
Long-term debt	<u>767,837</u>	<u>110,516</u>	<u>878,353</u>
Total liabilities	<u>1,013,230</u>	<u>266,904</u>	<u>1,280,134</u>
Deferred Inflows of Resources	<u>5,530</u>	<u>2,288</u>	<u>7,818</u>
Net Position			
Net investment in capital assets	7,825,165	2,364,026	10,189,191
Unrestricted	<u>4,994,733</u>	<u>2,285,913</u>	<u>7,280,646</u>
Net position of business-type activities	<u>12,819,898</u>	<u>4,649,939</u>	<u>17,469,837</u>

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

TOWN OF MAIDEN, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Major Enterprise Funds		
	Water and Sewer Fund \$	Electric Fund \$	Total \$
Operating revenues:			
Charges for services	<u>2,448,866</u>	<u>7,455,722</u>	<u>9,904,588</u>
Total operating revenues	<u>2,448,866</u>	<u>7,455,722</u>	<u>9,904,588</u>
Operating expenses:			
Water operations	1,270,343		1,270,343
Wastewater treatment	468,530		468,530
Sewer mains	454,741		454,741
Electric operations		7,047,958	7,047,958
Depreciation	<u>359,919</u>	<u>195,948</u>	<u>555,867</u>
Total operating expenses	<u>2,553,533</u>	<u>7,243,906</u>	<u>9,797,439</u>
Operating income (loss)	(104,667)	211,816	107,149
Nonoperating revenues (expenses):			
Investment earnings	<u>68,723</u>	<u>13,018</u>	<u>81,741</u>
Income (loss) before contributions and transfers	(35,944)	224,834	188,890
Capital contributions	<u>10,351</u>	<u> </u>	<u>10,351</u>
Change in net position	(25,593)	224,834	199,241
Total net position, previously reported	<u>12,845,491</u>	<u>4,425,105</u>	<u>17,270,596</u>
Total net position, ending	<u>12,819,898</u>	<u>4,649,939</u>	<u>17,469,837</u>

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

TOWN OF MAIDEN, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Major Enterprise Funds		
	Water and Sewer Fund \$	Electric Fund \$	Total \$
Cash flows from operating activities:			
Cash received from customers	2,477,669	7,496,509	9,974,178
Cash paid for goods and services	(1,927,210)	(7,063,927)	(8,991,137)
Net cash provided (used) by operating activities	<u>550,459</u>	<u>432,582</u>	<u>983,041</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(501,382)	(271,684)	(773,066)
Principal paid on debt	(79,013)	_____	(79,013)
Net cash provided (used) by capital and related financing activities	<u>(580,395)</u>	<u>(271,684)</u>	<u>(852,079)</u>
Cash flows provided by investing activities:			
Interest on investments	<u>79,074</u>	<u>13,018</u>	<u>92,092</u>
Net increase (decrease) in cash and cash equivalents	49,138	173,916	223,054
Balances, beginning	<u>4,814,316</u>	<u>1,191,581</u>	<u>6,005,897</u>
Balances, ending	<u>4,863,454</u>	<u>1,365,497</u>	<u>6,228,951</u>

TOWN OF MAIDEN, NORTH CAROLINA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Major Enterprise Funds		
	Water and Sewer Fund \$	Electric Fund \$	Total \$
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	(104,667)	<u>211,816</u>	<u>107,149</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	359,919	195,948	555,867
Loss on abandoned assets	186,953		186,953
(Increase) decrease in accounts receivable	26,214	31,207	57,421
(Increase) decrease in inventory	(23,775)	(12,123)	(35,898)
(Increase) decrease in prepaid expense		675	675
(Increase) decrease in deferred outflows of resources - pensions	(48,322)	(30,761)	(79,083)
Increase (decrease) in accounts payable and accrued liabilities	94,097	(4,983)	89,114
Increase (decrease) in customer deposits	2,589	9,580	12,169
(Decrease) in deferred inflows of resources - pensions	(1,390)	(1,171)	(2,561)
Increase (decrease) in compensated absences payable	5,021	(3,824)	1,197
Increase in net pension liability	58,669	37,519	96,188
(Decrease) in OPEB liability	(4,849)	(1,301)	(6,150)
Total adjustments	<u>655,126</u>	<u>220,766</u>	<u>875,892</u>
Net cash provided by operating activities	<u>550,459</u>	<u>432,582</u>	<u>983,041</u>

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

Notes to the Financial Statements

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statements themselves. The notes supplement the financial statements, are an integral part thereof, and are intended to be read in conjunction with the financial statements.

TOWN OF MAIDEN, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 1.
Summary of Significant
Accounting Policies

The accounting policies of the Town of Maiden (the “Town”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Maiden is a municipal corporation which is governed by an elected Mayor and a five-member council that has appointment authority of the Town’s management. As required by generally accepted accounting principles, the Town determined there to be no component units required to be presented with the financial statements. There are no separate legal entities for which the Town controls the boards or memberships, requires financial accountability, or is fiscally dependent on the Town.

B. Basis of Presentation

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

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

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

governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental funds:

General Fund – This is the Town’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, State grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, transportation, and cultural and recreational services.

Police Facility Construction Capital Project Fund – This fund accounts for loan proceeds and transfers from the General and Capital Projects Fund to construct a new Police Facility.

The Town reports the following non-major governmental funds:

General Capital Project Reserve Fund – This fund accounts for the funds committed for future capital projects.

Cemetery Trust Fund – This fund accounts for the perpetual care of the municipal cemetery.

The Town reports the following major enterprise funds:

Water and Sewer Fund – This fund accounts for the operation, maintenance, and capital improvements to the Town’s water and sewer systems.

Electric Fund – This fund accounts for the Town’s electric operations.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements -

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise 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 Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem

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

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the General Capital Project Reserve Fund, and the Cemetery Trust Fund. An annual budget is also adopted for the Enterprise Fund Water and Sewer Operating Fund, and the Enterprise Fund Water and Sewer Capital Project Fund which are consolidated with the water and sewer operating fund for reporting purposes. Annual budgets are also adopted for the Enterprise Fund Electric Operating Fund, the Enterprise Fund Electric Rate Stabilization Fund, and the Enterprise Fund Electric Capital Project Fund which are consolidated with the electric operating fund for reporting purposes. A project ordinance is adopted for the Police Facility Construction Capital Project Fund. Project ordinances are also adopted for the Enterprise Fund Water and Sewer Capital Project – Water Plant Dam Project Fund which is

consolidated with the water and sewer operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Transfers of appropriations between funds as well as any revisions that alter total appropriations of any fund require the approval of Town Council. The Town Manager is authorized to amend the budget by transfer of appropriations within each fund. All other amendments must be approved by the Governing Board. The budget ordinances must be adopted by July 1 of the fiscal year or the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciable lives.

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

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT - Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT - Term Portfolio's securities are valued at fair value.

Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Money in Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Additionally, money in the General Fund received from federal and state seizures are limited to use for public safety expenditures and the Town has also received money for a Cemetery Fund that currently is restricted for cemetery maintenance and upkeep. These amounts are also reflected as restricted cash.

Town of Maiden Restricted Cash

Governmental Activities:

General Fund	Streets	\$ 146,439
	Public Safety	29,382
	Customer deposits	1,185
Cemetery Fund	Cemetery Care	<u>62,715</u>
Total governmental activities		<u>239,721</u>

Business-type Activities:

Water and Sewer Fund	Customer deposits	37,510
Electric Fund	Customer deposits	<u>119,025</u>
Total business-type activities		<u>156,535</u>
Total restricted cash		<u>\$ 396,256</u>

Ad Valorem Taxes Receivable

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

Allowances for Doubtful Accounts

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

Inventories and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's General Fund consist of supplies and are negligible. These supplies are expensed when purchased.

The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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.

Capital Assets

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Building & Improvements	25-50 years
Infrastructure	30 years
Equipment	10 years
Vehicles	6 years
Computer equipment	3 years

Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category – prepaid taxes, property taxes receivable and deferrals.

Long-Term Obligations

In the government-wide financial statements and in the 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 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.

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.

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town'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 Town has assumed a first-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 Town'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 Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position/Fund Balances

Net Position:

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances:

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

The governmental fund types classify fund balances as follows:

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

Prepaid Items – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items that are costs applicable to future accounting periods and are expensed when used, which are not spendable resources.

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

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

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

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for law enforcement expenditures. This amount represents the balance of the total unexpended federal and State fines, forfeitures, and seizure funds.

Restricted for Cemetery Care – This restriction is due to donor's request that \$50,000 be maintained as endowed for 30 years (until March 24, 2024) and the interest earned on the investment be used for cemetery use. After the 30 years, the Town Council may use the \$50,000 for any purpose deemed necessary.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Maiden's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance

prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Capital Improvement – portion of fund balance assigned by the Board for capital improvement and development.

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

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

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

The Town of Maiden has not formally adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. However, the Finance Officer currently uses resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-Town funds, and Town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly, unassigned fund balance.

Defined Benefit Cost-Sharing Plans

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

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from

FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 2.
Stewardship, Compliance,
Accountability**

No instances of material noncompliance were found.

**Note 3.
Detail Notes on all Funds
and Account Groups**

A. Assets

Deposits

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

At June 30, 2019, the Town's deposits had a carrying amount of

\$2,505,799 and a bank balance of \$2,882,779. Of the bank balances of the Town, \$741,121 was covered by federal depository insurance and the remaining was covered by collateral held under the Pooling Method. At June 30, 2019, the Town had \$750 cash on hand.

Investments

At June 30, 2019, the Town had \$6,760,088 invested with North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy for managing interest rate of credit risk.

Receivables

Receivables at the government-wide level at June 30, 2019, were as follows:

	Accounts \$	Taxes and Related Accrued Interest \$	Due from other Governments \$	Total \$
Government activities:				
General	18,023	52,918	555,278	626,219
Allowance for doubtful accounts	(10,457)	(36,005)	0	(46,462)
Total governmental activities	<u>7,566</u>	<u>16,913</u>	<u>555,278</u>	<u>579,757</u>
Business type activities:				
Water and sewer	271,164			271,164
Electric	746,898			746,898
Allowance for doubtful accounts	(190,263)	0	0	(190,263)
Total business-type activities	<u>827,799</u>	<u>0</u>	<u>0</u>	<u>827,799</u>

Capital Assets

Primary Government:

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

	Beginning Balances \$	Increases \$	Decreases \$	Transfers \$	Ending Balances \$
Governmental activities:					
Capital assets not being depreciated:					
Land	1,091,679	178,534			1,270,213
Construction in progress	<u>2,575,791</u>	<u>131,840</u>			<u>2,707,631</u>
Total capital assets not being depreciated	<u>3,667,470</u>	<u>310,374</u>	<u>0</u>	<u>0</u>	<u>3,977,844</u>
Capital assets being depreciated:					
Buildings and improvements	6,933,257	91,331			7,024,588
Equipment and furniture	1,746,418	25,834	15,299		1,756,953
Vehicles	3,091,032	187,870	83,035		3,195,867
Infrastructure	<u>4,124,194</u>				<u>4,124,194</u>
Total capital assets being depreciated	<u>15,894,901</u>	<u>305,035</u>	<u>98,334</u>	<u>0</u>	<u>16,101,602</u>
Less accumulated depreciation for:					
Buildings and improvements	1,843,751	154,062			1,997,813
Equipment and furniture	1,234,045	140,397	15,299		1,359,143
Vehicles	2,565,767	137,011	80,035		2,622,743
Infrastructure	<u>3,309,547</u>	<u>30,228</u>			<u>3,339,775</u>
Total accumulated depreciation	<u>8,953,110</u>	<u>461,698</u>	<u>95,334</u>	<u>0</u>	<u>9,319,474</u>
Total capital assets being depreciated, net	<u>6,941,791</u>				<u>6,782,128</u>
Governmental activity capital assets, net	<u>10,609,261</u>				<u>10,759,972</u>

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

General government	\$ 151,406
Public safety	197,847
Transportation	54,858
Environmental protection	1,100
Cultural and recreational	<u>56,487</u>
Total depreciation expense	\$ <u>461,698</u>

	Beginning Balances \$	Increases \$	Decreases \$	Transfers \$	Ending Balances \$
Business-type activities:					
Water and Sewer Fund					
Capital assets not being depreciated:					
Land	186,016				186,016
Construction in progress	<u>583,098</u>	<u>205,941</u>			<u>789,039</u>
Total capital assets not being depreciated	<u>769,114</u>	<u>205,941</u>	<u>0</u>	<u>0</u>	<u>975,055</u>
Capital assets being depreciated:					
Building and improvements	0	81,672			81,672
Plant distribution system	18,868,199	90,148	2,128,760		16,829,587
Equipment	1,439,607	95,025	10,000		1,524,632
Vehicles	<u>305,816</u>	<u>28,596</u>			<u>334,412</u>
Total capital assets being depreciated	<u>20,613,622</u>	<u>295,441</u>	<u>2,138,760</u>	<u>0</u>	<u>18,770,303</u>
Less accumulated depreciation for:					
Building and improvements	0	295			295
Plant distribution system	11,301,354	325,290	1,941,807		9,684,837
Equipment	1,357,136	19,546	10,000		1,366,682
Vehicles	<u>234,868</u>	<u>14,788</u>			<u>249,656</u>
Total accumulated depreciation	<u>12,893,358</u>	<u>359,919</u>	<u>1,951,807</u>	<u>0</u>	<u>11,301,470</u>
Total capital assets being depreciated, net	<u>7,720,264</u>				<u>7,468,833</u>
Total Water and Sewer capital assets, net	<u>8,489,378</u>				<u>8,443,888</u>

	Beginning Balances \$	Increases \$	Decreases \$	Transfers \$	Ending Balances \$
Electric Fund					
Capital assets not being depreciated:					
Land	<u>19,800</u>	<u> </u>	<u> </u>	<u> </u>	<u>19,800</u>
Total capital assets not being depreciated	<u>19,800</u>	<u> 0</u>	<u> 0</u>	<u> 0</u>	<u>19,800</u>
Capital assets being depreciated:					
Substations, lines and related equipment	5,515,288	242,175			5,757,463
Equipment and furniture	540,101				540,101
Vehicles	<u>355,319</u>	<u>29,509</u>	<u> </u>	<u> </u>	<u>384,828</u>
Total capital assets being depreciated	<u>6,410,708</u>	<u>271,684</u>	<u> 0</u>	<u> 0</u>	<u>6,682,392</u>
Less accumulated depreciation for:					
Substations, lines and related equipment	3,588,963	143,175			3,732,138
Equipment and furniture	325,012	30,698			355,710
Vehicles	<u>228,243</u>	<u>22,075</u>	<u> </u>	<u> </u>	<u>250,318</u>
Total accumulated depreciation	<u>4,142,218</u>	<u>195,948</u>	<u> 0</u>	<u> 0</u>	<u>4,338,166</u>
Total capital assets being depreciated, net	<u>2,268,490</u>				<u>2,344,226</u>
Total Electric capital assets, net	<u>2,288,290</u>				<u>2,364,026</u>
Business-type activity capital assets, net	<u>10,777,668</u>				<u>10,807,914</u>

Construction Commitments

The Town of Maiden has no active construction projects as of June 30, 2019.

B. Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System:

Plan description - The Town of Maiden is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided

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

retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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. Town of Maiden employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Maiden contractually required contribution rate for the year ended June 30, 2019, was 8.25% of compensation for law enforcement officers and 7.81% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Maiden were \$199,359 for the year ended June 30, 2019.

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

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

At June 30, 2019, the Town reported a liability of \$895,322 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was .03774%, which was an increase of .00408% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$255,087. At June 30, 2019, the Town 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	\$ 138,127	\$ 4,635
Changes of assumptions	237,584	-
Net difference between projected and actual earnings on pension plan investments	122,901	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	17,106	9,431
Town contributions subsequent to the measurement date	<u>199,359</u>	<u>-</u>
Total	\$ <u>715,077</u>	\$ <u>14,066</u>

\$199,359 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
June 30:	
2019	\$ 241,313
2020	155,358
2021	30,170
2022	74,811
2023	-
Thereafter	<u>-</u>
Total	\$ <u>501,652</u>

Actuarial Assumptions

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the

U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

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

Discount Rate

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

Sensitivity of the Town’s proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Town’s proportionate share of the net pension liability (asset)	\$ 2,150,641	\$ 895,322	\$(153,642)

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.

Law Enforcement Officers' Special Separation Allowance:

Plan Description - The Town of Maiden administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 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 Town law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	0
Active plan members	<u>13</u>
Total	<u>13</u>

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

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

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

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

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

Contributions - The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$9,228 as

benefits came due for the reporting period.

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

At June 30, 2019, the Town reported a total pension liability of \$347,950. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$38,158.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 25,495	\$ -
Changes of assumptions	14,117	18,690
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>4,614</u>	<u>-</u>
Total	\$ <u>44,226</u>	\$ <u>18,690</u>

\$4,614 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
June 30:	
2020	\$ 4,274
2021	4,274
2022	4,274
2023	4,274
2024	3,350
Thereafter	476

Sensitivity of the Town's total pension liability to changes in the discount rate

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

	1% Decrease <u>(2.64%)</u>	Discount Rate <u>(3.64%)</u>	1% Increase <u>(4.64%)</u>
Total pension liability	\$ 384,013	\$ 347,950	\$ 315,441

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

	<u>2019</u>
Beginning balance	\$ 318,649
Service cost at end of year	23,269
Interest on the total pension liability	9,924
Differences between expected and actual experience in the measurement of the total pension liability	22,188
Changes of assumptions or other inputs	(16,852)
Benefit payments	(9,228)
Other changes	<u>-</u>
Ending balance of the total pension liability	<u>\$ 347,950</u>

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

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

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

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

	LGERS	LEOSSA	TOTAL
	\$	\$	\$
Pension expense	255,089	38,158	293,247
Pension liability	895,322	347,950	1,243,272
Proportionate share of the net pension liability	28.4913%	10.9665%	
Deferred Outflows of Resources			
Differences between expected and actual experience	138,127	25,495	163,622
Changes of assumptions	237,584	14,117	251,701
Net difference between projected and actual earnings on plan investments	122,901	-	122,901
Changes in proportion and differences between contributions and proportionate share of contributions	17,106	-	17,106
Benefit payments and administrative costs paid subsequent to the measurement date	199,359	4,614	203,973
Deferred Inflows of Resources			
Differences between expected and actual experience	(4,635)	-	(4,635)
Changes of assumptions	-	(18,690)	(18,690)
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	(9,431)	-	(9,431)

Supplemental Retirement Income Plan for Law Enforcement Officers:

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

Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the plan. Total contributions for the year ended June 30, 2019 were \$56,038, which consisted of \$42,146 from the Town and \$13,892 from the law enforcement officers. Contributions for the year ended June 30, 2019 for general employees were \$2,600, which consisted entirely from the general employees.

Firefighters' and Rescue Squad Workers' Pension Fund:

Plan Description – The State of North Carolina contributes, on behalf of the Town of Maiden, to the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 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 Firefighters' and Rescue Squad Workers' Pension Fund 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 the Firefighters' and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided – FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan

members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions – Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2018, the State contributed \$17,952,000 to the plan. The Town of Maiden's proportionate share of the State's contribution is \$21,616.

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

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

At June 30, 2019, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$58,810. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30,

2017 and at June 30, 2016 was 0%.

For the year ended June 30, 2019, the Town recognized pension expense of \$16,724 and revenue of \$16,724 for support provided by the State. At June 30, 2019, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions

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

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the assets allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in the first section of this note.

Discount Rate

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

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.

Other Post-employment Benefits (OPEB):

Healthcare Benefits

Plan Description

Under the terms of a Town resolution, the Town administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The Town Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided

The plan provides postemployment healthcare benefits to retirees of the Town employed as of July 9, 2007, provided they have at least twenty-five years creditable service with the Town at the time of retirement. Upon retirement, the Town will pay a percentage of the cost of coverage for these benefits through private insurers based on length of service as of July 9, 2007. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2018, the date of the latest actuarial valuation:

	Membership Group
Retirees and dependents receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>11</u>
Total	<u>16</u>

Total OPEB Liability

The Town’s total OPEB liability of \$457,206 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial

assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General employees	3.50 to 7.75 percent
Law enforcement officers	3.50 to 7.35 percent
Municipal Bond Index Rate	
Prior measurement date	3.56 percent
Measurement date	3.89 percent
Health care cost trends	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	\$ <u>489,086</u>
Changes for the year	
Service cost	4,067
Interest	16,679
Changes of benefit terms	-
Differences between expected and actual experience	(462)
Changes in assumptions or other inputs	(10,650)
Benefit payments	(41,514)
Net changes	(<u>31,880</u>)
Balance at 6/30/2019	\$ <u>457,206</u>

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

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality

improvements using Scale MP-2015.

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

Sensitivity of the Total OPEB Liability to Health Care Cost Trend Rates

The following exhibit presents the TOL of the Plan, determined using current health care cost trend rates, as well as what the Plan’s TOL would be if it were determined using health care cost trend rates that are one percentage point lower or one percentage point higher than current rates.

Health Care Cost Trend Rate Sensitivity

	1% <u>Decrease</u>	<u>Current</u>	1% <u>Increase</u>
Total OPEB liability	\$ 421,749	\$ 457,206	\$ 496,886

Sensitivity of the Total OPEB Liability to Discount Rates

The following exhibit presents the TOL of the Plan, determined using the discount rate of 3.89%, as well as what the Plan’s TOL would be if it were determined using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Discount Rate Sensitivity

	1% Decrease <u>(2.89%)</u>	Current Discount Rate <u>(3.89%)</u>	1% Increase <u>(4.89%)</u>
Total OPEB liability	\$ 490,524	\$ 457,206	\$ 426,902

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$14,666. At June 30, 2019, the Town reported deferred

outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,121
Changes of assumptions	-	21,010
Benefit payments and administrative costs made subsequent to the measurement date	<u>44,061</u>	<u>-</u>
Total	<u>\$ 44,061</u>	<u>\$ 22,131</u>

\$44,061 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
June 30:	
2019	\$ (6,106)
2020	(6,106)
2021	(6,106)
2022	(3,226)
2023	(587)
Thereafter	-

Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing

membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's twelve highest months' salary in a row during the twenty-four months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Differences between expected and actual experience	\$ 163,622
Changed of assumptions	251,701
Net difference between projected and actual earnings on pension plan investments	122,901
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,106
Contributions to pension plan in current fiscal year	<u>248,034</u>
Total deferred outflows of resources	<u>\$ 803,364</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid taxes (General Fund)	\$ 148	\$ 148
Taxes receivable, less penalties (General Fund)	-	16,913
Differences between expected and actual experience	5,755	-
Changes in assumptions	39,700	-
Net difference between projected and actual earnings on pension plan investments	-	-
Contributions to pension plan in current fiscal year	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>9,431</u>	<u>-</u>
Total deferred inflows of resources	\$ <u>55,034</u>	\$ <u>17,061</u>

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$3 million per occurrence, property coverage up to the total insurance values of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, property, and statutory limits for worker's compensation. The property liability pool has an aggregate limit for the total property losses in a single year with the reinsurance limit based upon a percentage of the total insurance values.

The Town carries medical, dental, accidental death disability, life, vision and disability on all full-time employees. There is no lifetime limit on medical insurance.

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

The Town does not carry any additional flood insurance.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance director is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a policy with the following coverage: \$150,000 per occurrence for employee dishonesty, \$150,000 per occurrence for forgery or alteration, \$5,000 per occurrence for theft inside the premises, and \$5,000 per occurrence for outside.

Claims and Judgments

At June 30, 2019, the Town was a defendant in various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

Long Term Obligations

Installment Contracts:

Installment purchase agreements

As authorized by State law (G.S. 160A-20 and 153A-158.1), the Town financed various property and equipment acquisitions by installment purchase.

Installment purchase contracts at year end are comprised of the following:

Serviced by Water and Sewer Fund:

The Town financed \$723,203 zero interest contract with Catawba County for construction of various water and sewer projects, due in annual installments of \$72,320 through 2027.	\$ 578,563
---	------------

The Town financed debt of \$66,932, 0.00% interest with Catawba County for the construction of a water line on Ramseur Road. The Town will repay with annual installments of \$6,693 through 2025.	<u>40,160</u>
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Total	<u>\$ 618,723</u>
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Serviced by General Fund:

The Town financed \$850,000 at 2.09% interest with BB&T for the construction of the new town hall. Payment of \$85,000 is due annually through 2022. The debt is secured by real estate.

The Town financed \$2,000,000 at 2.95% interest with BB&T for the construction of the new Police Station Facility. Payment of \$133,333 plus interest is due annually through March, 2032. The debt is secured by real estate.

Annual debt service requirements to maturity for the Town's installment purchases are as follows:

Year ending <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal \$	Interest \$	Principal \$	Interest \$
2020	218,333	51,900	79,013	
2021	218,333	47,814	79,013	
2022	218,333	41,745	79,013	
2023	218,333	37,811	79,013	
2024	133,333	32,614	79,013	
2025-2029	666,667	104,069	223,657	
2030-2032	<u>281,668</u>	<u>15,324</u>		
Total	<u>1,955,000</u>	<u>331,277</u>	<u>618,722</u>	<u>0</u>

At June 30, 2019, Town of Maiden had a legal debt margin of \$139,160,642.

Long-term obligation activity:

The following is a summary of changes in the Town's long-term obligations for the fiscal year ended June 30, 2019:

	Balance 06/30/18 \$	Increase \$	Decrease \$	Balance 06/30/19 \$	Current Portion \$
Government Activities:					
Installment purchase	2,173,334		218,334	1,955,000	218,333
Compensated absences	102,636	104,075	76,108	130,603	62,456
Other postemployment benefits	394,749		25,731	369,018	
Net pension liability (LGERS)	384,440	284,900		669,340	
Net pension liability (LEO)	<u>318,649</u>	<u>29,301</u>		<u>347,950</u>	
 Total governmental activities	 <u>3,373,808</u>	 <u>418,276</u>	 <u>320,173</u>	 <u>3,471,911</u>	 <u>280,789</u>
Business-type activities:					
<u>Water and Sewer</u>					
Notes payable	697,736		79,013	618,723	79,013
Accrued vacation pay	23,817	16,838	11,817	28,838	8,083
Other postemployment benefits	74,386		4,849	69,537	
Net pension liability (LGERS)	<u>79,166</u>	<u>58,669</u>		<u>137,835</u>	
Total Water and Sewer	<u>875,105</u>	<u>75,507</u>	<u>95,679</u>	<u>854,933</u>	<u>87,096</u>
<u>Electric</u>					
Accrued vacation pay	18,309	9,786	13,610	14,485	10,767
Other postemployment benefits	19,952		1,301	18,651	
Net pension liability (LGERS)	<u>50,628</u>	<u>37,519</u>		<u>88,147</u>	
Total Electric	<u>88,889</u>	<u>47,305</u>	<u>14,911</u>	<u>121,283</u>	<u>10,767</u>
 Total business-type activities	 <u>963,994</u>	 <u>122,812</u>	 <u>110,590</u>	 <u>976,216</u>	 <u>97,863</u>

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

C. Interfund Balances and Activity

Transfers to/from other funds

<u>Transfer from</u>	<u>Transfer to</u>	<u>Purpose</u>	<u>Amount</u>
Water and Sewer Fund	Water and Sewer Capital Project Water Plant Dam Fund	Capital Outlay	\$ 50,000
Water and Sewer Fund	Water and Sewer Capital Projects Fund	Future Capital Outlay	30,000
General Capital Project Reserve Fund	General Fund	Capital Outlay	150,000

D. On-Behalf Payments

On-Behalf Payments for Fringe Benefits and Salaries

The Town has recognized as a revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$12,297 for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen’s Relief Fund during the fiscal year ended June 30, 2019. Under State law the local board of trustees for the Fund receives an amount each year, which the board may use at its own discretion for eligible firemen or their departments.

E. Fund Balance

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

<i>Total fund balance – General Fund</i>	<i>\$ 2,917,890</i>
Less:	
Prepaid expenses	4,155
Stabilization by State Statute	595,729
Streets – Powell Bill	146,439
Public Safety	29,382
Appropriated Fund Balance in 2019 Budget	151,726
Remaining Fund Balance	1,990,459

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remained unperformed at year-end.

<i>Encumbrances</i>	<i>General Fund</i>	<i>Police Facility Construction Fund</i>
	\$ 33,831	

**Note 4.
Jointly Governed
Organizations**

North Carolina Municipal Power Agency

The Town, is a member of the North Carolina Municipal Power Agency Number 1 (the “Agency). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities through the Agency. The Town receives power from the Agency and is contractually allocated a 1.289% interest in the Agency, with the balance being shared by the nineteen other local governments. Each participating government appoints one commissioner to the Agency’s governing board. The Town is obligated to purchase all of its power supply requirements from the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town’s purchases of power for the fiscal year ended June 30, 2019 were \$5,749,184.

Western Piedmont Council of Governments

The Town, in conjunction with five counties and twenty-two other municipalities, established the Western Piedmont Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council’s governing board. The Town paid membership fees of \$2,039 to the Council during the fiscal year ended June 30, 2019.

**Note 5.
Summary Disclosure
of Significant
Commitments and
Contingencies**

Federal and State Assisted Programs

The Town has received proceeds from several 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 6.
Commitments

The Town entered into various Economic Development agreements with local corporations, whereby the Town will pay the corporations an agreed amount of rebated taxes for certain periods of time. These commitments have requirements for the corporation to meet certain conditions and if these requirements are not met, no payments will be made by the Town.

Note 7.
Subsequent Events

For the year ended June 30, 2019, the Town of Maiden has evaluated subsequent events for potential recognition disclosure through November 29, 2019, the date the financial statements were available to be issued. No subsequent events were noted.

Required Supplemental Financial Data

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

- * **Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Governmental Employees' Retirement System**
- * **Schedule of Contributions to Local Governmental Employees' Retirement System**
- * **Schedule of Proportionate Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension Plan**
- * **Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance**
- * **Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance**
- * **Schedule of Changes in the Total OPEB Liability and Related Ratios**

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TOWN OF MAIDEN, NORTH CAROLINA
Town of Maiden's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years *

Local Governmental Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Maiden's proportion of the net pension liability (asset) (%)	0.03774%	0.03366%	0.03414%	0.03344%	0.03027%	0.02980%
Maiden's proportion of the net pension liability (asset) (\$)	\$ 895,322	\$ 514,234	\$ 724,565	\$ 150,077	\$(178,516)	\$ 359,204
Maiden's covered-payroll	\$2,019,011	\$2,152,992	\$1,831,959	\$1,781,792	\$1,633,591	\$1,503,923
Maiden's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	44.35%	23.89%	39.60%	8.42%	(10.93%)	23.88%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

TOWN OF MAIDEN, NORTH CAROLINA
Town of Maiden's Contributions
Required Supplementary Information
Last Six Fiscal Years

Local Governmental Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 199,359	\$ 167,915	\$ 163,374	\$ 126,349	\$ 127,970	\$ 116,585
Contributions in relation to the contractually required contribution	<u>199,359</u>	<u>167,915</u>	<u>163,374</u>	<u>126,349</u>	<u>127,970</u>	<u>116,585</u>
Contribution deficiency (excess)	\$ <u>0</u>					
Maiden's covered-payroll	\$2,464,725	\$2,019,011	\$2,152,992	\$1,831,959	\$1,781,792	\$1,633,591
Contributions as a percentage of covered-employee payroll	8.09%	8.32%	8.11%	6.90%	7.18%	7.14%

TOWN OF MAIDEN, NORTH CAROLINA
Town of Maiden's Proportionate Share of Net Pension Liability
Required Supplementary Information
Last Five Fiscal Years *

Firefighters' and Rescue Squad Workers' Pension

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Maiden's proportionate share of the net pension liability (%)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Maiden's proportionate share of the net pension liability (\$)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State's proportionate share of the net pension liability associated with the Town of Maiden	<u>58,810</u>	<u>48,003</u>	<u>39,907</u>	<u>39,618</u>	<u>28,556</u>
Total	<u>\$ 58,810</u>	<u>\$ 48,003</u>	<u>\$ 39,907</u>	<u>\$ 39,618</u>	<u>\$ 28,556</u>
Maiden's covered payroll	\$ 136,571	\$ 109,278	\$ 102,510	\$ 85,664	\$ 80,091
Maiden's proportionate share of the net pension liability as a percentage of its covered payroll	43.06%	43.93%	38.93%	46.25%	35.65%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.35%	84.94%	91.40%	93.42%

* The amounts presented are for the prior fiscal year.

TOWN OF MAIDEN, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 318,649	\$ 268,873	\$ 251,315
Service Cost	23,269	15,757	16,269
Interest on the total pension liability	9,924	10,260	8,972
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	22,188	9,602	-
Changes of assumptions or other inputs	(16,852)	20,309	(7,683)
Benefit payments	(9,228)	(6,152)	-
Other changes	<u>-</u>	<u>-</u>	<u>-</u>
Ending balance of the total pension liability	<u>\$ 347,950</u>	<u>\$ 318,649</u>	<u>\$ 268,873</u>

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

TOWN OF MAIDEN, NORTH CAROLINA
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 347,950	\$ 318,649	\$ 268,873
Covered payroll	\$ 788,919	\$ 619,674	\$ 600,256
Total pension liability as a percentage of covered payroll	44.11%	51.42%	44.79%

Notes to the schedules:

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

TOWN OF MAIDEN, NORTH CAROLINA
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2019

2019

Total OPEB Liability

Service cost	\$ 4,067
Interest	16,679
Changes of benefit terms	-
Differences between expected and actual experience	(462)
Changes of assumptions	(10,650)
Benefit payments	(<u>41,514</u>)
Net change in total OPEB liability	(31,880)
Total OPEB liability – beginning	<u>489,086</u>
Total OPEB liability – ending	\$ <u>457,206</u>
Covered payroll	522,772
Total OPEB liability as a percentage of covered payroll	87.46%

Notes to schedule:

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

<u>Fiscal year</u>	<u>Rate</u>
2019	3.89%

Individual Fund Statements and Schedules

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TOWN OF MAIDEN, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive
			(Negative)
			\$
Revenues:			
Ad valorem taxes:			
Current year		6,167,803	
Prior years		33,423	
Penalties and interest		7,705	
Total	<u>6,272,694</u>	<u>6,208,931</u>	<u>(63,763)</u>
Other taxes and licenses:			
Rural fire district tax		224,848	
State fire protection		2,019	
Total	<u>227,000</u>	<u>226,867</u>	<u>(133)</u>
Unrestricted intergovernmental:			
Local option sales tax		771,554	
Telecommunications sales tax		45,207	
Utility sales tax		762,955	
Piped natural gas sales tax		25,481	
Video franchise fee		17,575	
Beer and wine tax		14,647	
City holdharmless		154,617	
Total	<u>1,697,012</u>	<u>1,792,036</u>	<u>95,024</u>
Restricted intergovernmental:			
Powell Bill allocation		109,473	
Investment earnings on Powell Bill allocation			
State seizure		3,636	
Solid waste disposal tax		2,519	
On-behalf of payments - fire		33,913	
Total	<u>159,759</u>	<u>149,541</u>	<u>(10,218)</u>
Permits and fees:			
Zoning fees		3,680	
Total	<u>2,250</u>	<u>3,680</u>	<u>1,430</u>

TOWN OF MAIDEN, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive
			(Negative)
			\$
Sales and services:			
Court costs, fees, and charges		873	
Cemetery revenues		8,750	
County waste disposal fees		125,153	
Recreation fees		70,130	
Total	213,500	204,906	(8,594)
Investment earnings	13,513	83,865	70,352
Miscellaneous			
Rental income		32,087	
Miscellaneous - other		7,424	
Total	77,955	39,511	(38,444)
Total revenues	8,663,683	8,709,337	45,654
 Expenditures:			
General government:			
Governing Board:			
Salaries		45,784	
Employee benefits		28,072	
Travel and training		2,935	
Professional fees		38,054	
Downtown revitalization		9,925	
Contracted services		16,375	
Development reimbursements		3,144,958	
Economic development		564,753	
Capital outlay		183,234	
Other operating expenses		77,079	
Total	4,272,438	4,111,169	161,269
 Administration:			
Salaries and wages		146,395	
Employee benefits		44,956	
Travel and training		1,375	
Other operating expenses		18,259	
Total	262,673	210,985	51,688

TOWN OF MAIDEN, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive
			(Negative)
			\$
General government (cont'd):			
Finance and Accounting:			
Salaries and wages		238,893	
Employee benefits		78,021	
Contracted services		20,635	
Travel and training		3,636	
Other operating expenses		<u>17,536</u>	
Total	<u>422,001</u>	<u>358,721</u>	<u>63,280</u>
Information Technology:			
Salaries and wages		61,810	
Employee benefits		17,249	
Travel and training		700	
Contracted services		70,820	
Capital outlay		31,315	
Other operating expenses		<u>126,188</u>	
Total	<u>377,000</u>	<u>308,082</u>	<u>68,918</u>
Planning and Zoning:			
Salaries and wages		53,340	
Employee benefits		16,576	
Travel and training		3,624	
Contracted services		57,481	
Other operating expenses		<u>13,925</u>	
Total	<u>171,701</u>	<u>144,946</u>	<u>26,755</u>
Town Hall:			
Salaries and wages		30,573	
Employee benefits		12,233	
Repairs and maintenance		21,391	
Contracted services		5,822	
Utilities		21,626	
Other operating expenses		<u>12,261</u>	
Total	<u>127,694</u>	<u>103,906</u>	<u>23,788</u>

TOWN OF MAIDEN, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive
			(Negative)
			\$
General government (cont'd):			
Garage and warehouse:			
Salaries and wages		82,304	
Employee benefits		27,880	
Repairs and maintenance		9,252	
Insurance and bonds		6,973	
Departmental supplies		11,182	
Other operating expenses		25,576	
Total	<u>199,010</u>	<u>163,167</u>	<u>35,843</u>
Total general government	<u>5,832,517</u>	<u>5,400,976</u>	<u>431,541</u>
Public safety:			
Police department:			
Salaries and wages		862,473	
Employee benefits		310,914	
Travel and training		10,537	
Contracted services		24,007	
Repairs and maintenance		19,981	
Animal control		11,501	
Insurance and bonds		64,610	
Auto supplies		37,990	
Capital outlay		184,539	
Other operating expenses		104,537	
Total	<u>1,764,562</u>	<u>1,631,089</u>	<u>133,473</u>
Fire department:			
Salaries and wages		170,484	
Employee benefits		24,454	
Travel and training		3,684	
Contracted services		50,873	
Repairs and maintenance		43,579	
Insurance and bonds		24,381	
Non capital outlay		63,387	
Other operating expenses		93,306	
Total	<u>502,381</u>	<u>474,148</u>	<u>28,233</u>
Total public safety	<u>2,266,943</u>	<u>2,105,237</u>	<u>161,706</u>

TOWN OF MAIDEN, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive
			(Negative)
			\$
Environmental protection:			
Sanitation:			
Contracted services		246,662	
Other operating expenditures		915	
Total	<u>251,855</u>	<u>247,577</u>	<u>4,278</u>
Cemetery:			
Contracted services		21,662	
Other operating expenditures		928	
Total	<u>41,025</u>	<u>22,590</u>	<u>18,435</u>
Total environmental protection	<u>292,880</u>	<u>270,167</u>	<u>22,713</u>
Transportation:			
Streets department:			
Salaries and wages		222,753	
Employee benefits		72,410	
Contracted services		259,311	
Repairs and maintenance		27,900	
Insurance and bonds		26,244	
Utilities		27,904	
Capital outlay		39,273	
Other operating expenses		44,319	
Total	<u>864,950</u>	<u>720,114</u>	<u>144,836</u>
Street department – Powell Bill:			
Contracted services		73,214	
Other operating expenses		2,779	
Total	<u>115,000</u>	<u>75,993</u>	<u>39,007</u>
Total transportation	<u>979,950</u>	<u>796,107</u>	<u>183,843</u>

TOWN OF MAIDEN, NORTH CAROLINA
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive
			(Negative)
			\$
Cultural and recreational:			
Recreation:			
Salaries and wages		262,885	
Employee benefits		65,227	
Contracted services		19,535	
Repairs and maintenance		22,576	
Utilities		50,404	
Departmental supplies		40,573	
Capital outlay		45,209	
Other operating expenses		46,115	
Total cultural and recreational	<u>622,465</u>	<u>552,524</u>	<u>69,941</u>
Debt service:			
Principal retirement		218,333	
Interest		58,572	
Total debt service	<u>276,908</u>	<u>276,905</u>	<u>3</u>
Total expenditures	<u>10,271,663</u>	<u>9,401,916</u>	<u>869,747</u>
Revenues over (under) expenditures	(<u>1,607,980</u>)	(<u>692,579</u>)	<u>915,401</u>
Other financing sources:			
Reimbursement from:			
Electric Fund	219,275	219,275	
Water and Sewer Fund	317,698	317,698	
Transfer from:			
General Capital			
Project Reserve Fund	150,000	150,000	
Sale of capital assets	<u>20,000</u>	<u> </u>	(<u>20,000</u>)
Total other financing sources	<u>706,973</u>	<u>686,973</u>	(<u>20,000</u>)
Fund balance appropriated	<u>901,007</u>	<u> </u>	(<u>901,007</u>)
Net change in fund balance	<u> 0</u>	(<u>5,606</u>)	(<u>5,606</u>)
Fund balances, beginning		<u>2,923,496</u>	
Fund balances, ending		<u>2,917,890</u>	

TOWN OF MAIDEN, NORTH CAROLINA
Police Facility Construction Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2019

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
	\$	\$	\$	\$	\$
Revenues:					
Interest	<u> </u>	<u> 118</u>	<u> </u>	<u> 118</u>	<u> 118</u>
Expenditures:					
Furnishings	420,850	286,186	59,875	346,061	74,789
Construction costs	2,228,300	2,037,692	31,511	2,069,203	159,097
Administration/Testing/ Permits	<u>170,569</u>	<u>25,880</u>	<u>40,453</u>	<u>66,333</u>	<u>104,236</u>
Total expenditures	<u>2,819,719</u>	<u>2,349,758</u>	<u>131,839</u>	<u>2,481,597</u>	<u>338,122</u>
Revenues over (under) expenditures	(<u>2,819,719</u>)	(<u>2,349,640</u>)	(<u>131,839</u>)	(<u>2,481,479</u>)	<u>338,240</u>
Other financing sources:					
Proceeds from installment financing	2,000,000	2,000,000		2,000,000	
Transfers from:					
General Fund	416,344	416,344		416,344	
General Capital Project Reserve Fund	<u>403,375</u>	<u>303,375</u>	<u> </u>	<u>303,375</u>	(<u>100,000</u>)
Total other financing sources	<u>2,819,719</u>	<u>2,719,719</u>	<u> 0</u>	<u>2,719,719</u>	(<u>100,000</u>)
Revenues and other financing sources over (under) expenditures	<u> 0</u>	<u> 370,079</u>	(<u>131,839</u>)	<u> 238,240</u>	<u> 238,240</u>
Fund balance, beginning			<u> 370,079</u>		
Fund balance, ending			<u> 238,240</u>		

TOWN OF MAIDEN, NORTH CAROLINA
Balance Sheet
Non-major Governmental Funds
June 30, 2019

	General Capital Project Reserve Fund \$	Cemetery Trust Fund \$	Total \$
Assets			
Assets:			
Cash	326,678		326,678
Restricted cash		62,715	62,715
Accounts receivable	<u>651</u>	<u>295</u>	<u>946</u>
Total assets	<u><u>327,329</u></u>	<u><u>63,010</u></u>	<u><u>390,339</u></u>
 Liabilities and Fund Balance			
Fund Balance:			
Restricted:			
Stabilization by			
State Statute	651	295	946
Cemetery care		62,715	62,715
Committed:			
Capital Improvements	<u>326,678</u>	<u> </u>	<u>326,678</u>
Total fund balance	<u><u>327,329</u></u>	<u><u>63,010</u></u>	<u><u>390,339</u></u>
Total liabilities and fund balance	<u><u>327,329</u></u>	<u><u>63,010</u></u>	<u><u>390,339</u></u>

TOWN OF MAIDEN, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General Capital Project Reserve Fund \$	Cemetery Trust Fund \$	Total \$
Revenues:			
Investment earnings	5,068	1,279	6,347
Expenditures:			
Non capital outlay	_____	_____	_____
Revenues over expenditures	5,068	1,279	6,347
Other financing (uses):			
Transfer to:			
General Fund	(150,000)	_____	(150,000)
Net change in fund balance	(144,932)	1,279	(143,653)
Fund balance, beginning	<u>472,261</u>	<u>61,731</u>	<u>533,992</u>
Fund balance, ending	<u><u>327,329</u></u>	<u><u>63,010</u></u>	<u><u>390,339</u></u>

TOWN OF MAIDEN, NORTH CAROLINA
General Capital Project Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive
			(Negative)
			\$
Revenues:			
Interest income		5,068	5,068
Expenditures:			
Capital outlay	_____	_____	_____
Revenues over (under) expenditures	0	5,068	5,068
Other financing (uses):			
Transfer to General Fund	(150,000)	(150,000)	
Fund balance appropriated	<u>150,000</u>	_____	(<u>150,000</u>)
Net change in fund balance	<u>0</u>	(144,932)	(<u>144,932</u>)
Fund balance, beginning		<u>472,261</u>	
Fund balance, ending		<u><u>327,329</u></u>	

TOWN OF MAIDEN, NORTH CAROLINA
Cemetery Trust Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive
			(Negative)
			\$
Revenues:			
Interest income	600	1,279	679
Expenditures:			
Cemetery maintenance	<u>600</u>	<u>0</u>	<u>600</u>
Revenues over expenditures	<u>0</u>	1,279	<u>1,279</u>
Fund balance, beginning		<u>61,731</u>	
Fund balance, ending		<u>63,010</u>	

TOWN OF MAIDEN, NORTH CAROLINA
Water and Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive (Negative) \$
Revenues:			
Operating revenues:			
Charges for services:			
Water sales	1,248,683	1,487,855	239,172
Sewer charges	963,500	851,249	(112,251)
Cutoff and late penalty fees	66,000	58,191	(7,809)
Water connection fees	15,000	26,200	11,200
Sewer tap fees	7,000	12,800	5,800
Miscellaneous	<u>5,100</u>	<u>12,571</u>	<u>7,471</u>
Total operating revenues	<u>2,305,283</u>	<u>2,448,866</u>	<u>143,583</u>
Non-operating revenues:			
Investment earnings	<u>23,500</u>	<u>68,723</u>	<u>45,223</u>
Total non-operating revenues	<u>23,500</u>	<u>68,723</u>	<u>45,223</u>
 Total revenues	 <u>2,328,783</u>	 <u>2,517,589</u>	 <u>188,806</u>
 Expenditures:			
Water operations:			
Purchases for resale		501,555	
Salaries and wages		86,648	
Employee benefits		27,779	
Contracted services		122,037	
Supplies		88,473	
Repairs and maintenance		16,871	
Utilities		12,056	
Travel and training		30	
Insurance		7,207	
Reimbursement to General Fund		158,849	
Capital outlay		100,159	
Other operating expenditures		<u>135,284</u>	
Total operating expenditures	<u>1,693,068</u>	<u>1,256,948</u>	<u>436,120</u>

TOWN OF MAIDEN, NORTH CAROLINA
Water and Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive
			(Negative)
			\$
Wastewater treatment:			
Salaries and wages		150,049	
Employee benefits		45,626	
Contracted services		42,559	
Supplies		30,218	
Repairs and maintenance		22,075	
Utilities		86,971	
Travel and training		1,120	
Insurance		12,407	
Non capital outlay		6,246	
Capital outlay		95,025	
Other operating expenditures		29,378	
Total wastewater treatment	<u>648,782</u>	<u>521,674</u>	<u>127,108</u>
Sewer mains:			
Salaries and wages		86,366	
Employee benefits		27,779	
Contracted services		27,854	
Supplies		10,632	
Repairs and maintenance		67,125	
Utilities		14,121	
Travel and training		100	
Insurance		9,446	
Non capital outlay		5,194	
Reimbursement to General Fund		158,849	
Capital outlay		100,256	
Other operating expenditures		6,627	
Total sewer mains	<u>648,998</u>	<u>514,349</u>	<u>134,649</u>
Debt service:			
Principal		79,013	
Total debt service	<u>97,034</u>	<u>79,013</u>	<u>18,021</u>
Total expenditures	<u>3,087,882</u>	<u>2,371,984</u>	<u>715,898</u>
Revenues over (under) expenditures	<u>(759,099)</u>	<u>145,605</u>	<u>904,704</u>

TOWN OF MAIDEN, NORTH CAROLINA
Water and Sewer Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive (Negative)
			\$
Other financing sources (uses):			
Transfer to:			
Water and Sewer Water Plant			
Dam Capital Project Fund	(50,000)	(50,000)	
Water and Sewer Capital			
Projects Fund	(30,000)	(30,000)	
Fund balance appropriated	<u>839,099</u>	<u> </u>	(<u>839,099</u>)
Total other financing			
sources (uses)	<u>759,099</u>	(<u>80,000</u>)	(<u>839,099</u>)
Revenues and other financing sources			
over (under) expenditures and other			
financing uses	<u> 0</u>	<u>65,605</u>	<u>65,605</u>
Reconciliation from budgetary basis			
(modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		79,013	
Loss on junk		(186,953)	
Capital outlay		295,440	
Depreciation		(359,919)	
Income from Water and Sewer Capital			
Project Grants and Other Income		10,351	
Decrease (increase) in accrued vacation pay		(5,021)	
Increase in deferred outflows of resources – OPEB		383	
(Increase) in deferred inflows of resources – OPEB		(761)	
Decrease in OPEB liability		4,849	
Increase in deferred outflows of resources – pensions		47,939	
Decrease in deferred inflows of resources – pensions		2,150	
(Increase) in net pension obligation		(58,669)	
Transfer to Water and Sewer Water Plant Dam			
Capital Project Fund		50,000	
Transfer to Water and Sewer Capital Projects Fund		<u>30,000</u>	
Total reconciling items		(<u>91,198</u>)	
Change in net position		(<u>25,593</u>)	

TOWN OF MAIDEN, NORTH CAROLINA
Water and Sewer Capital Projects – Water Plant Dam Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2019

	<u>Actual</u>			Variance Positive (Negative) \$	
	Project Authorization \$	Prior Year \$	Current Year \$		Total to Date \$
Revenues:					
Interest		1,070	4,462	5,532	5,532
Restricted grant	<u>75,000</u>	<u>75,000</u>	<u> </u>	<u>75,000</u>	<u> </u>
Total revenues	<u>75,000</u>	<u>76,070</u>	<u>4,462</u>	<u>80,532</u>	<u>5,532</u>
Expenditures:					
Consulting fees	144,300	86,959	14,969	101,928	42,372
Siphon	133,905	83,905	20,404	104,309	29,596
Demolition/Mobilization	28,483	28,483		28,483	
Drainage, piping, and sluice gate	96,925	96,926		96,926	(1)
Concrete	11,962	11,962		11,962	
Construction	468,668	8,169	170,568	178,737	289,931
Contingency	<u>57,194</u>	<u> </u>	<u> </u>	<u> </u>	<u>57,194</u>
Total expenditures	<u>941,437</u>	<u>316,404</u>	<u>205,941</u>	<u>522,345</u>	<u>419,092</u>
(Deficiency) of revenues (under) expenditures	(866,437)	(240,334)	(201,479)	(441,813)	424,624
Other financing sources:					
Transfers from:					
Water and Sewer Fund	531,300	702,550	50,000	752,550	221,250
Water and Sewer Debt Service Fund	42,193	42,193		42,193	
Klutzn Library and Education Center Construction Capital Project Fund	145,606	145,606		145,606	
Water and Sewer Capital Projects – Main Street Water Project Fund	40,109	40,109		40,109	
Water and Sewer Capital Projects – Wastewater Treatment Plant Fund	<u>107,229</u>	<u>107,229</u>	<u> </u>	<u>107,229</u>	<u> </u>
Total other financing sources	<u>866,437</u>	<u>1,037,687</u>	<u>50,000</u>	<u>1,087,687</u>	<u>221,250</u>
Revenues and other financing sources over (under) expenditures	<u> </u>	<u>797,353</u>	(151,479)	<u>645,874</u>	<u>645,874</u>

TOWN OF MAIDEN, NORTH CAROLINA
Water and Sewer Capital Projects Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
	\$	\$	\$
Revenues:			
Interest earnings		5,889	5,889
Other financing sources:			
Transfer from Water and Sewer Operating Fund	_____	_____30,000	_____30,000
Excess revenues	_____0	_____35,889	_____35,889

TOWN OF MAIDEN, NORTH CAROLINA**Electric Fund****Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**

For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive
			(Negative)
			\$
Revenues:			
Operating Revenues:			
Charges of services – electric fees		7,410,355	
Other operating revenues		<u>45,367</u>	
Total operating revenues	<u>7,700,911</u>	<u>7,455,722</u>	(245,189)
Non-operating revenues:			
Investment earnings	<u>1,500</u>	<u>8,557</u>	<u>7,057</u>
Total revenues	<u>7,702,411</u>	<u>7,464,279</u>	(238,132)
Expenditures:			
Power purchases:			
Demand energy charges		5,918,752	
Sales tax		<u>181,939</u>	
Total power purchases	<u>6,280,168</u>	<u>6,100,691</u>	<u>179,477</u>
Other expenditures:			
Salaries and wages		258,446	
Employee benefits		88,018	
Supplies		77,717	
Maintenance and repairs		36,196	
Travel and training		15,220	
Insurance		19,541	
Reimbursement to General Fund		219,275	
Capital outlay		271,684	
Other operating expenditures		<u>232,393</u>	
Total other expenditures	<u>1,799,778</u>	<u>1,218,490</u>	<u>581,288</u>
Total expenditures	<u>8,079,946</u>	<u>7,319,181</u>	<u>760,765</u>
Revenues over (under) expenditures	(377,535)	145,098	522,633
Other financing sources:			
Fund balance appropriated	<u>377,535</u>		(377,535)
Revenues and other financing sources over (under) expenditures	<u>0</u>	<u>145,098</u>	<u>145,098</u>

TOWN OF MAIDEN, NORTH CAROLINA**Electric Fund****Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**

For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive
			(Negative)
			\$
Reconciliation from budgetary basis			
(modified accrual) to full accrual:			
Revenues and other financing sources			
over (under) expenditures		<u>145,098</u>	
Reconciling items:			
Capital outlay		271,508	
Depreciation		(195,948)	
Income from Electric Capital			
Project Grants and Other Income		4,461	
Decrease (increase) in accrued			
vacation pay		3,824	
Decrease in deferred outflow of resources - pensions		47,939	
(Increase) in net pension liability		(58,669)	
Decrease in deferred inflows of resources – pensions		2,150	
Increase in deferred outflows of resources – OPEB		383	
(Increase) in deferred inflows of resources – OPEB		(761)	
Decrease in OPEB liability		<u>4,849</u>	
Total reconciling items		<u>79,736</u>	
Change in net position		<u>224,834</u>	

TOWN OF MAIDEN, NORTH CAROLINA
Rate Stabilization Fund
Schedule of Revenues and Expenditures - Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive
			(Negative)
			\$
Expenditures:			
Rate stabilization			
Other financing sources:			
Fund balance appropriated	_____	_____	_____
Other financing sources over (under)			
expenditures	<u> 0</u>	0	<u> 0</u>
Fund balance, beginning		<u> 195,520</u>	
Fund balance, ending		<u> 195,520</u>	

Note: This schedule is included to show budgetary compliance with the legally adopted budget.

TOWN OF MAIDEN, NORTH CAROLINA
Electric Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
 For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance
	\$	\$	Positive
			(Negative)
			\$
Revenues:			
Investment interest	<u> </u>	<u> 4,461</u>	<u> 4,461</u>
Revenues over (under) expenditures	<u> 0</u>	<u> 4,461</u>	<u> 4,461</u>

Other Schedules

This section contains additional information on property taxes.

* **Schedule of Ad Valorem Taxes Receivable**

* **Analysis of Current Tax Levy**

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TOWN OF MAIDEN, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

Fiscal Year	Uncollected Balance June 30, 2018 \$	Additions \$	Collections \$	Discoveries Abatements Adjustments \$	Uncollected Balance June 30, 2019 \$
2018 - 2019		6,517,268	6,167,803	(330,390)	19,075
2017 - 2018	22,103		16,031		6,072
2016 - 2017	10,277		5,743		4,534
2015 - 2016	6,338		3,657		2,681
2014 - 2015	5,333		3,375		1,958
2013 - 2014	7,256		2,840		4,416
2012 - 2013	4,801		751		4,050
2011 - 2012	4,088		484	(7)	3,597
2010 - 2011	3,503		297	(74)	3,132
2009 - 2010	3,652		168	(81)	3,403
2008 - 2009	<u>5,185</u>		<u>77</u>	<u>(5,108)</u>	<u>0</u>
Total	<u>72,536</u>	<u>6,517,268</u>	<u>6,201,226</u>	<u>(335,660)</u>	52,918
Less, allowance for uncollectible ad valorem taxes receivable					<u>(36,005)</u>
Ad valorem taxes receivable – net					<u>16,913</u>
Reconciliation with revenues:					
Taxes - ad valorem - General Fund - current year					6,167,803
Taxes - ad valorem - General Fund - prior years					<u>33,422</u>
Total					<u>6,201,225</u>

TOWN OF MAIDEN, NORTH CAROLINA
Analysis of Current Tax Levy
June 30, 2019

	<u>Town Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u> \$	<u>Rate</u>	<u>Total Levy</u> \$	Property excluding Registered Motor Vehicles \$	Registered Motor Vehicles \$
Original Levy:					
Property tax at current year's rate	1,715,070,526	0.38	6,517,268	6,404,684	112,584
Releases, refunds, additions and adjustments	(<u>1,393,421</u>)		(<u>330,390</u>)	(<u>329,998</u>)	(<u>392</u>)
Total property valuation	<u>1,713,677,105</u>				
Net levy			6,186,878	6,074,686	112,192
Uncollected taxes at June 30, 2019			(<u>19,075</u>)	(<u>19,075</u>)	<u>0</u>
Current year's taxes collected			<u>6,167,803</u>	<u>6,055,611</u>	<u>112,192</u>
Current levy collection percentage			<u>99.69%</u>	<u>99.69%</u>	<u>100.00%</u>

Compliance Section

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Debora B Wentz, CPA
Post Office Box 287
Newton, North Carolina 28658

**INDEPENDENT AUDITOR'S 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***

To the Town Council
Town of Maiden, North Carolina

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Maiden, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Town of Maiden, North Carolina's basic financial statements and have issued my report thereon dated November 29, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Town of Maiden, North Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Maiden, North Carolina's internal control. Accordingly, I do not express an opinion on the effectiveness of Town of Maiden, North Carolina's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. **I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses 2019-1 that I consider to be material weaknesses.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Maiden, North Carolina's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of **noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as item 2019-1.**

Town of Maiden's Response to Findings

The Town of Maiden's response to the findings identified in my audit are described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, I express no opinion on it.

Purpose of this Report

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

Debra B. Wentz, CPA

Newton, North Carolina
November 29, 2019

**Town of Maiden
Schedule of Findings and Responses
For the Year Ended June 30, 2019**

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
Internal control over financial reporting:		
Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
Significant Deficiency(s) identified that are not considered to be material weaknesses reported	<u> </u> Yes	<u> X </u> No
Noncompliance material to financial statements noted	<u> X </u> Yes	<u> </u> No

Section II. Financial Statement Findings

Finding: 2019-1

MATERIAL WEAKNESS
MATERIAL NONCOMPLIANCE

Criteria:	The Town of Maiden has a competent finance staff able to perform the day to day functions of the financial department, but may not have staff with technical ability to prevent, detect, and correct a potential misstatement in the financial statements and notes drafted by the auditor.
Condition:	There exists a lack of technical expertise to draft or prepare the financial statements and related notes in accordance with generally accepted accounting principles.
Effect:	The financial statements drafted by the auditor have the potential of misstatement.
Cause:	The current staff does not have the necessary training and expertise that is required to prepare the financial statements.
Recommendation:	Town Council should consider outside options to assist in the drafting of the financial statements with consideration to the cost benefit of such measures.
Views of responsible officials and planned corrective actions:	Town of Maiden agrees with this finding. Town Council understands their risks and they are willing to accept those risks caused by the control deficiencies.

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