

**Town of Maysville  
Maysville, North Carolina**

**Audited Financial Statements**

**Year Ended June 30, 2019**

**Town of Maysville, North Carolina**

**Audited Financial Statements**

**For the Year Ended June 30, 2019**

Edward Waltz, Mayor

**BOARD OF COMMISSIONERS**

Cara Dunn  
Lisa Moore  
Daniel Ryan  
Janet Baker  
Myra Fryar

**Administrative and Financial Staff**

Schumata Brown, Town Manager  
Sholanthe' Gordon, Finance Director

**Town of Maysville, North Carolina**  
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**June 30, 2019**

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## **Financial Section**

# **S. Preston Douglas & Associates, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS  
American Institute of CPAs  
N. C. Association of CPAs

## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the Town of Maysville, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year 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 3 through 10, the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 47 and 48, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a percentage of Covered Payroll on pages 49 and 50 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

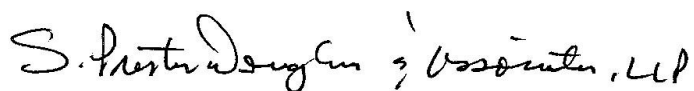
### ***Supplementary and Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2019 on our consideration of Town of Maysville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Maysville's internal control over financial reporting and compliance.

Handwritten signature of S. Preston Doughton in cursive script.

Lumberton, North Carolina  
December 24, 2019

## **Management Discussion and Analysis**



**Town of Maysville, North Carolina  
Management's Discussion and Analysis  
June 30, 2019**

**Management's Discussion and Analysis**

As management of the Town of Maysville, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Maysville for the fiscal year ending 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.

The MD&A is an opportunity for management to proactively address any issues that might be affecting the unit's financial status or questions that might be posed by readers of the financial statements. A thoughtful discussion and analysis of economic, financial, or budgetary factors that might influence the unit should be presented.

**Financial Highlights**

The assets and deferred outflows of resources of the Town of Maysville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$6,036,799 (*net position*).

The government's total net position increased by \$1,014,056, due to a \$1,017,478 increase in capital grants.

As of the close of the current fiscal year, the Town of Maysville's governmental funds reported combined ending fund balances of \$1,001,625 with a net increase of \$858,759 in fund balance. Approximately 22.47% of this total amount, or \$225,049, is restricted.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$776,576, or 68.61% of total general fund expenditures for the fiscal year.

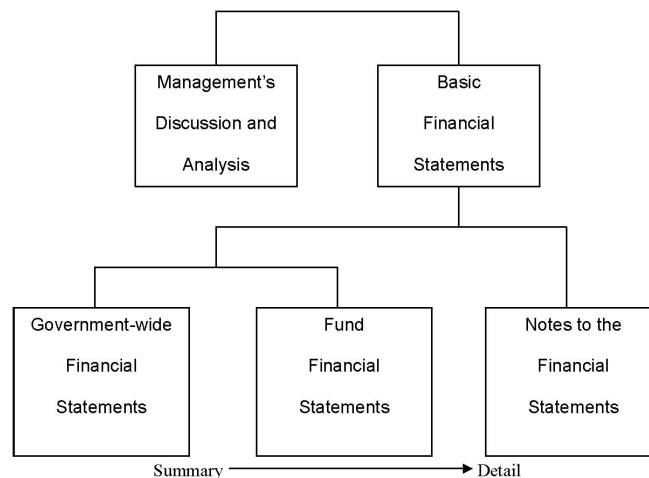
The Town of Maysville's total debt (excluding pension liabilities and compensated absences) decreased by \$1,486 during the current fiscal year. The Town made its scheduled debt payments of \$92,523.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town of Maysville's basic financial statements. The Town's basic financial statements comprise 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 also contains other supplementary information that will enhance the reader's understanding of the financial condition of the Town of Maysville.

**Required Components of Annual Financial Report**

**Figure 1**



**Town of Maysville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2019**

**Basic Financial Statements**

The first two statements 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 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 to the Financial Statements**. The notes explain in detail some of the data contained in those statements. After the notes, additional information is provided to show details about the Town's individual funds. Budgetary information required by the N.C. General Statutes can also 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, in a manner similar to the 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 they have changed. Net position is the difference between the Town's total assets and total liabilities. 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, 2) business-type activities. The governmental activities include most of the Town's basic services such as general government, public safety, highways/streets, sanitation, economic development, culture and recreation, and debt service. 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. This includes the water services offered by the Town of Maysville.

The government-wide financial statements can be found on pages 11 and 12 of this report.

**Fund Financial Statements.** The fund financial statements 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 Maysville, like other state and local governments, 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 the Town can be divided into two categories, governmental funds and proprietary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies that are unexpended 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 determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

**Town of Maysville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2019**

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

The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document.

The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds.** The Town of Maysville maintains one type of proprietary fund called an Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its water and sewer activity. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, which is considered a major fund of the Town.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town of Maysville has one fiduciary fund, which is an agency fund.

**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 can be found on pages 22-46 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's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 47 of this report.

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

**Town of Maysville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2019**

**Government-Wide Financial Analysis**

**The Town of Maysville's Net Position**  
**Figure 2**

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Totals	Totals
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 1,364,169	\$ 534,034	\$ 223,331	\$ 97,788	\$ 1,587,500	\$ 631,822
Capital assets	1,108,898	1,042,782	3,961,990	4,017,316	5,070,888	5,060,098
Total assets	2,473,067	1,576,816	4,185,321	4,115,104	6,658,388	5,691,920
Deferred Outflows of Resources	93,433	65,414	32,672	19,648	126,105	85,062
Current liabilities	150,547	118,694	92,328	113,338	242,875	232,032
Long-term liabilities	357,451	381,902	139,127	127,005	496,578	508,907
Total liabilities	507,998	500,596	231,455	240,343	739,453	740,939
Deferred Inflows of Resources	6,662	9,866	1,578	3,434	8,240	13,300
Net position						
Net investment in capital assets	794,480	647,518	3,852,275	4,017,316	4,646,755	4,664,834
Restricted	225,049	61,702	-	-	225,049	61,702
Unrestricted	1,032,311	422,548	132,684	(126,341)	1,164,995	296,207
Total net position	\$ 2,051,840	\$ 1,131,768	\$ 3,984,959	\$ 3,890,975	\$ 6,036,799	\$ 5,022,743

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Maysville exceeded liabilities and deferred inflows by \$6,036,799 as of June 30, 2019.

The Town's net position increased by \$1,014,056. The largest portion ( 76.97% ) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Maysville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the Town of Maysville's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Maysville's net position, \$225,049, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,164,995 is unrestricted.

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

- The Town's property tax collection rate was 95.19% during the year, a decrease from last year's rate of 96.21%.
- Expenses increased by \$187,315, or 14.30% from the prior year.
- Revenues increased by \$1,341,672, mostly attributed to \$1,094,461 in capital grants.

**Town of Maysville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2019**

**The Town of Maysville's Changes in Net Position**  
**Figure 3**

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$ 91,291	\$ 91,874	\$ 501,232	\$ 433,828	\$ 592,523	\$ 525,702
Operating grants and contributions	70,931	124,777	-	-	70,931	124,777
Capital grants and contributions	1,017,478	-	76,983	-	1,094,461	-
<b>General revenues</b>						
Property taxes	255,348	243,479	-	-	255,348	243,479
Unrestricted intergovernmental	151,773	156,603	-	-	151,773	156,603
Other	296,310	75,247	9,884	3,750	306,194	78,997
Total revenues	1,883,131	691,980	588,099	437,578	2,471,230	1,129,558
<b>Expenses:</b>						
General government	299,446	358,759	-	-	299,446	358,759
Public safety	241,090	264,197	-	-	241,090	264,197
Transportation	88,775	114,828	-	-	88,775	114,828
Public services	55,686	72,148	-	-	55,686	72,148
LPA	43,688	-	-	-	43,688	-
Hurricane recovery	271,650	-	-	-	271,650	-
Interest on long-term debt	2,355	1,480	-	-	2,355	1,480
Water and sewer	-	-	494,115	498,078	494,115	498,078
Total expenses	1,002,690	811,412	494,115	498,078	1,496,805	1,309,490
Increase (decrease) in net position before transfers	880,441	(119,432)	93,984	(60,500)	974,425	(179,932)
Insurance proceeds	23,275	-	-	-	23,275	-
Sales of assets	16,356	-	-	-	16,356	-
Increase (decrease) in net position	920,072	(119,432)	93,984	(60,500)	1,014,056	(179,932)
Net position - beginning	1,131,768	1,251,200	3,890,975	3,951,475	5,022,743	5,202,675
Net position - ending	\$ 2,051,840	\$ 1,131,768	\$ 3,984,959	\$ 3,890,975	\$ 6,036,799	\$ 5,022,743

**Governmental activities.** Governmental activities increased the Town's net position by \$920,072. The increase was primarily a result from an increase in capital grants.

**Town of Maysville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2019**

**Government-wide Financial Analysis (continued)**

**Business-type activities.** Business-type activities increased the Town's net position by \$93,984. Key elements of this increase are as follows:

- The Town of Maysville received additional capital contributions and grants.

**Financial Analysis of the Government's Funds**

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

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

The General Fund is the principal operating fund of the Town of Maysville. At the end of the fiscal year, unassigned fund balance for the General Fund was \$776,576 with a total fund balance of \$1,001,625. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 68.61% of total General Fund expenditures, while total fund balance represents 88.49% of that same amount.

At June 30, 2019, the governmental funds of the Town of Maysville reported a combined fund balance of \$1,001,625 with a net increase in fund balance of \$858,759.

**Proprietary Funds.** The Town of Maysville's proprietary fund provides the same type of information found in the governmental-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$132,684. Other factors concerning this fund have been discussed in the Town's business-type activities.

**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:

- Amendments that adjust for the estimates that are prepared for the original budget ordinance, which reflect actual cost.
- Amendments that recognize new funding from external sources, such as federal and State grants.
- Amendments that appropriate increases that becomes necessary to maintain services and obligations from prior years not completed.

**Town of Maysville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2019**

**Capital Assets and Debt Administration**

The Town of Maysville's investments in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$5,070,888 (net of accumulated depreciation). The investments in capital assets includes land, buildings, improvements, furniture and equipment, infrastructure (including distribution systems), and vehicles.

Major capital asset transactions during the year include the following:

- Building purchase in the amount of \$145,000 for the governmental-type activities.
- Vehicles in the amount of \$77,933 for the business-type activities.

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

	Governmental Activities 2019	Governmental Activities 2018	Business-type Activities 2019	Business-type Activities 2018	Totals 2019	Totals 2018
Land	\$ 47,937	\$ 47,937	\$ 31,315	\$ 21,500	\$ 79,252	\$ 69,437
Buildings and system	250,337	112,575	3,818,513	3,952,298	4,068,850	4,064,873
Equipment	24,535	40,483	98,525	26,832	123,060	67,315
Vehicles	14,524	39,081	13,637	16,686	28,161	55,767
Infrastructure	771,565	802,706	-	-	771,565	802,706
<b>Total</b>	<b>\$ 1,108,898</b>	<b>\$ 1,042,782</b>	<b>\$ 3,961,990</b>	<b>\$ 4,017,316</b>	<b>\$ 5,070,888</b>	<b>\$ 5,060,098</b>

Additional information on the Town's capital assets can be found in the notes on page 31 of this report.

**Long-term debt.** As of June 30, 2019, the Town of Maysville had total installment purchase debt outstanding of \$326,509. Of this, \$326,509 is debt backed by the full faith and credit of the Town.

	Governmental Activities 2019	Governmental Activities 2018	Business-type Activities 2019	Business-type Activities 2018	Totals 2019	Totals 2018
General obligation bonds	\$ -	\$ -	\$ 97,625	\$ 106,500	\$ 97,625	\$ 106,500
Direct placement installment purchase	314,419	395,264	12,090	14,893	326,509	410,157
<b>Total</b>	<b>\$ 314,419</b>	<b>\$ 395,264</b>	<b>\$ 109,715</b>	<b>\$ 121,393</b>	<b>\$ 424,134</b>	<b>\$ 516,657</b>

**The Town of Maysville's Outstanding Debt.** The Town of Maysville's total debt excluding pension related debt decreased by \$92,523 ( 17.91% ) during the past fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin of Town of Maysville is \$4,029,004.

Additional information regarding the Town of Maysville's long-term debt can be found in page 43 of this report.

**Town of Maysville, North Carolina  
Management's Discussion and Analysis (continued)  
June 30, 2019**

**Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the Town.

- Jones County's unemployment rate is 3.7% for April 2019 compared to 4.4% at March 2018. The Statewide averages were 3.6% at April 2019 and 4.4% at June 2019.
- The new constructed Highway 17 by-pass should bring some economic opportunities to the Town.

**Budget Highlights for the Fiscal Year Ending June 30, 2020**

Governmental Activities: Property tax revenues remained at \$0.51 tax rate per hundred-dollar valuation. Budgeted expenditures in the General Fund will decrease for the 2019-2020 fiscal year by approximately \$73,576 mainly as a result of a decrease in budgeting of maintenance, equipment, and personnel expenses.

Business-type Activities: Revenues from water/sewer fees is expected to increase due to a 4% water/sewer rate increases.

The Board adopted a capital project budget of \$1,226,400 for construction of a sewer pump station, force main, and improvements at the wastewater treatment plant. The project is to be funded primarily by a loan of \$567,000 and a grant of \$357,000 from USDA, and a grant of \$200,000 from the Golden Leaf Foundation.

The Town was approved for a \$50,000 Merger Study Grant from NC Department of Environmental Quality. The Merger Grant will allow the Town's engineers to complete a study of the Town and several other water/sewer systems to determine if regionalization is feasible.

**Request for Information**

This financial report is designed to provide a general overview of the Town of Maysville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Clerk, Town of Maysville, P.O. Box 265, Maysville, NC 28555. You can also call (910) 743-4441, visit our website [www.townofmaysville.org](http://www.townofmaysville.org) or send an email to [maysville\\_tc@bizec.rr.com](mailto:maysville_tc@bizec.rr.com) for more information.



## **Basic Financial Statements**

**Town of Maysville, North Carolina**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 954,348	\$ 79,369	\$ 1,033,717
Taxes receivable, net	24,650	-	24,650
Accounts receivables, net	18,884	85,239	104,123
Due from other governments	58,546	14,772	73,318
Prepaid items	-	3,747	3,747
Restricted cash and cash equivalents	34,257	40,204	74,461
Current portion of notes receivable	68,182	-	68,182
<b>Total current assets</b>	<b>1,158,867</b>	<b>223,331</b>	<b>1,382,198</b>
Non-current assets:			
Non-current portion of notes receivable	205,302	-	205,302
Capital assets (Note 3):			
Land and non-depreciable improvements and construction in progress	47,937	31,315	79,252
Other capital assets, net of depreciation	1,060,961	3,930,675	4,991,636
<b>Total capital assets</b>	<b>1,108,898</b>	<b>3,961,990</b>	<b>5,070,888</b>
<b>Total assets</b>	<b>2,473,067</b>	<b>4,185,321</b>	<b>6,658,388</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	93,433	32,672	126,105
<b>Total deferred outflows of resources</b>	<b>93,433</b>	<b>32,672</b>	<b>126,105</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	64,410	10,060	74,470
Current portion of long-term liabilities	80,551	11,762	92,313
Compensated absences	5,586	5,302	10,888
Unearned revenue	-	25,000	25,000
Payable from restricted assets:			
Customer deposits	-	40,204	40,204
<b>Total current liabilities</b>	<b>150,547</b>	<b>92,328</b>	<b>166,783</b>
Long-term liabilities:			
Net pension liability	96,693	38,530	135,223
Total pension liability	20,009	-	20,009
Compensated absences	6,882	2,644	9,526
Due in more than one year	233,867	97,953	331,820
<b>Total liabilities</b>	<b>507,998</b>	<b>231,455</b>	<b>739,453</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	6,662	1,578	8,240
<b>Total deferred inflows of resources</b>	<b>6,662</b>	<b>1,578</b>	<b>8,240</b>
<b>NET POSITION</b>			
Net investment in capital assets	794,480	3,852,275	4,646,755
Restricted for:			
Stabilization by State Statute	190,792	-	190,792
Public safety	362	-	362
Streets	33,895	-	33,895
Unrestricted	1,032,311	132,684	1,164,995
<b>Total net position</b>	<b>\$ 2,051,840</b>	<b>\$ 3,984,959</b>	<b>\$ 6,036,799</b>

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

**Town of Maysville, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 299,446	\$ -	\$ -	\$ -	\$ (299,446)	\$ -	\$ (299,446)
Public safety	241,090	35,999	-	-	(205,091)	-	(205,091)
Transportation	88,775	-	70,931	-	(17,844)	-	(17,844)
Public services	55,686	55,292	-	-	(394)	-	(394)
LPA	43,688	-	-	-	(43,688)	-	(43,688)
Hurricane recovery	271,650	-	-	1,017,478	745,828	-	745,828
Interest on long-term debt	2,355	-	-	-	(2,355)	-	(2,355)
<b>Total governmental activities</b>	<u>1,002,690</u>	<u>91,291</u>	<u>70,931</u>	<u>1,017,478</u>	<u>177,010</u>	<u>-</u>	<u>177,010</u>
<b>Business-type activities:</b>							
Water and sewer	494,115	501,232	-	76,983	-	84,100	84,100
<b>Total business-type activities</b>	<u>494,115</u>	<u>501,232</u>	<u>-</u>	<u>76,983</u>	<u>-</u>	<u>84,100</u>	<u>84,100</u>
<b>Total primary government</b>	<u>\$ 1,496,805</u>	<u>\$ 592,523</u>	<u>\$ 70,931</u>	<u>\$ 1,094,461</u>	<u>177,010</u>	<u>84,100</u>	<u>261,110</u>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purpose					255,348	-	255,348
Unrestricted intergovernmental					151,773	-	151,773
Miscellaneous, unrestricted					296,310	9,884	306,194
<b>Total general revenues not including transfers</b>					<u>703,431</u>	<u>9,884</u>	<u>713,315</u>
Insurance proceeds					23,275	-	23,275
Sales of capital assets					16,356	-	16,356
<b>Total general revenues and transfers</b>					<u>743,062</u>	<u>9,884</u>	<u>752,946</u>
<b>Change in net position</b>					<u>920,072</u>	<u>93,984</u>	<u>1,014,056</u>
<b>Net position, beginning, previously reported</b>					<u>1,131,768</u>	<u>3,890,975</u>	<u>5,022,743</u>
<b>Net position, ending</b>					<u>\$ 2,051,840</u>	<u>\$ 3,984,959</u>	<u>\$ 6,036,799</u>

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

**Town of Maysville, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<u>Major Fund</u> <u>General Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 954,348	\$ 954,348
Receivables, net:		
Taxes	24,650	24,650
Accounts	18,884	18,884
Due from other governments	58,546	58,546
Restricted cash and cash equivalents	34,257	34,257
<b>Total assets</b>	<u>1,090,685</u>	<u>1,090,685</u>
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued liabilities	64,410	64,410
<b>Total liabilities</b>	<u>64,410</u>	<u>64,410</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Property taxes receivable	24,650	24,650
<b>Total deferred inflows of resources</b>	<u>24,650</u>	<u>24,650</u>
<b><u>FUND BALANCES</u></b>		
Restricted		
Stabilization by State Statute	190,792	190,792
Public Safety	362	362
Streets	33,895	33,895
Unassigned	776,576	776,576
<b>Total fund balances</b>	<u>1,001,625</u>	<u>1,001,625</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 1,090,685</u>	<u>\$ 1,090,685</u>

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

**Town of Maysville, North Carolina**  
**Balance Sheet**  
**Governmental Funds (continued)**  
**June 30, 2019**

Amounts reported for governmental activities in the Statement of Net Position  
(Page 11) are different because:

Total Fund Balance, Governmental Funds		\$ 1,001,625
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		
Gross capital assets at historical cost	\$ 1,799,940	
Accumulated depreciation	<u>(691,042)</u>	1,108,898
Deferred outflows of resources related to pensions are not reported in the funds.		93,433
Earned revenues considered deferred inflows of resources in fund statements.		24,650
Other long-term assets are not available to pay for current-period expenditures and therefore are inflows of resources in the funds		274,229
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds	\$ (327,631)	
Total pension liability	(20,009)	
Net pension liability	<u>(96,693)</u>	(444,333)
Deferred inflows of resources related to pension are not reported in the funds.		<u>(6,662)</u>
<b>Net position of governmental activities</b>		<b><u>\$ 2,051,840</u></b>

**Town of Maysville, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>Major Fund</u> <u>General Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>Revenues:</b>		
Ad valorem taxes	\$ 255,348	\$ 255,348
Unrestricted intergovernmental	151,773	151,773
Restricted intergovernmental	70,931	70,931
Permits and fees	35,999	35,999
Sales and services	123,226	123,226
Grants	1,017,478	1,017,478
Miscellaneous	296,310	296,310
<b>Total revenues</b>	<u>1,951,065</u>	<u>1,951,065</u>
<b>Expenditures:</b>		
Current:		
General government	347,848	347,848
Public safety	241,090	241,090
Transportation	88,775	88,775
Public services	55,686	55,686
LPA	43,688	43,688
Hurricane recovery	271,650	271,650
Debt service:		
Principal retirement	80,845	80,845
Interest	2,355	2,355
<b>Total expenditures</b>	<u>1,131,937</u>	<u>1,131,937</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>819,128</u>	<u>819,128</u>
<b>Other financing sources (uses)</b>		
Sales of capital assets	16,356	16,356
Insurance proceeds	23,275	23,275
<b>Total other financing sources (uses)</b>	<u>39,631</u>	<u>39,631</u>
<b>Net change in fund balances</b>	858,759	858,759
<b>Fund balances, beginning</b>	<u>142,866</u>	<u>142,866</u>
<b>Fund balances, ending</b>	<u>\$ 1,001,625</u>	<u>\$ 1,001,625</u>

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

**Town of Maysville, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**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	\$	858,759
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	145,000	
Depreciation expense for governmental assets	<u>(78,883)</u>	66,117
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		15,265
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		-
Payments on note receivable not included in the Statement of Activities		(67,934)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		1,640
<p>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 an effect on net position. These amounts are the net effect of these differences in the treatment of long-term debt and related items.</p>		
New long-term debt issued	-	
Principal payments	<u>80,845</u>	80,845
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.</p>		
Compensated absences	(491)	
Pension expense	<u>(34,129)</u>	(34,620)
<b>Total changes in net position of governmental activities</b>	<u>\$</u>	<u>920,072</u>

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

**Town of Maysville, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2019**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 235,000	\$ 263,500	\$ 255,348	\$ (8,152)
Unrestricted intergovernmental	153,700	153,700	151,773	(1,927)
Restricted intergovernmental	53,822	69,639	70,931	1,292
Permits and fees	35,999	23,130	35,999	12,869
Sales and services	60,000	105,000	123,226	18,226
Grants	-	511,375	1,017,478	506,103
Miscellaneous	156,232	111,232	296,310	185,078
<b>Total revenues</b>	<u>694,753</u>	<u>1,237,576</u>	<u>1,951,065</u>	<u>713,489</u>
<b>Expenditures:</b>				
Current:				
General government	179,458	383,743	347,848	35,895
Public safety	201,659	276,139	241,090	35,049
Transportation	103,353	98,378	88,775	9,603
Public service	77,599	55,686	55,686	-
LPA	49,570	47,950	43,688	4,262
Hurricane recovery	-	317,745	271,650	46,095
Debt service:				
Principal retirement	80,749	80,845	80,845	-
Interest	2,365	2,365	2,355	10
<b>Total expenditures</b>	<u>694,753</u>	<u>1,262,851</u>	<u>1,131,937</u>	<u>130,914</u>
<b>Revenues over (under) expenditures</b>	<u>-</u>	<u>(25,275)</u>	<u>819,128</u>	<u>(844,403)</u>
<b>Other financing sources (uses):</b>				
Insurance proceeds	-	23,275	23,275	-
Sales of capital assets	-	2,000	16,356	14,356
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>25,275</u>	<u>39,631</u>	<u>14,356</u>
<b>Fund balance appropriated</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>858,759</u>	<u>\$ 858,759</u>
<b>Fund balance, beginning</b>			<u>142,866</u>	
<b>Fund balance, ending</b>			<u>\$ 1,001,625</u>	

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



**Town of Maysville, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2019**

	<b>Water and Sewer Fund</b>
<b><u>ASSETS</u></b>	
Current assets:	
Cash and cash equivalents	\$ 79,369
Accounts receivable, net	85,239
Due from other governments	14,772
Prepaid items	3,747
Restricted cash and cash equivalents	40,204
<b>Total current assets</b>	<b>223,331</b>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	31,315
Other capital assets, net of depreciation	3,930,675
<b>Total noncurrent assets</b>	<b>3,961,990</b>
<b>Total assets</b>	<b>4,185,321</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension deferrals	32,672
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable and accrued liabilities	10,060
Compensated absences payable	7,946
General obligation bonds payable - current	8,875
Installment loan - current	2,887
Unearned revenue	25,000
Liabilities payable from restricted assets:	
Customer deposits	40,204
<b>Total current liabilities</b>	<b>94,972</b>
Noncurrent liabilities:	
Net pension liability	38,530
General obligation bonds payable - noncurrent	88,750
Installment loan - noncurrent	9,203
<b>Total noncurrent liabilities</b>	<b>136,483</b>
<b>Total liabilities</b>	<b>231,455</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension deferrals	1,578
<b><u>NET POSITION</u></b>	
Net investment in capital assets	3,852,275
Unrestricted	132,684
<b>Total net position</b>	<b>\$ 3,984,959</b>

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

**Town of Maysville, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2019**

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

**Town of Maysville, North Carolina**  
**Statement of Revenue, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2019**

	<b>Water and Sewer Fund</b>
<b>Operating revenues:</b>	
Charges for services	\$ 498,489
Other operating revenues	2,743
<b>Total operating revenues</b>	<u>501,232</u>
<b>Operating expenses:</b>	
<b>Water:</b>	
Personnel	130,447
Water and sewer operations	220,594
Depreciation	143,074
<b>Total operating expenses</b>	<u>494,115</u>
<b>Operating income (loss)</b>	<u>7,117</u>
<b>Nonoperating revenues (expenses):</b>	
Sewer asset inventory expenses	(113,392)
Sewer asset inventory grant	123,320
Interest and other charges	(456)
Sale of assets	412
<b>Total nonoperating revenues (expenses)</b>	<u>9,884</u>
<b>Income (loss) before contributions</b>	17,001
<b>Capital contributions:</b>	
Golden Leaf grant	76,983
<b>Total contributions</b>	<u>76,983</u>
<b>Change in net position</b>	93,984
<b>Total net position, beginning</b>	3,890,975
<b>Total net position, ending</b>	<u><u>\$ 3,984,959</u></u>

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

**Town of Maysville, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2019**

	<u><b>Water Fund</b></u>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 483,727
Cash paid for goods and services	(240,511)
Cash paid to employees	(122,845)
Customer deposits received	225
<b>Net cash provided (used) by operating activities</b>	<u>120,596</u>
<b>Cash flows from non-capital financing activities</b>	
Sewer asset inventory	9,884
<b>Net cash provided (used) by non-capital financing activities</b>	<u>9,884</u>
<b>Cash flows from capital and related financing activities</b>	
Acquisition of capital assets	(87,337)
Golden Leaf grant	76,983
Principal paid on bond maturities	(12,133)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(22,487)</u>
<b>Cash flows from investing activities</b>	
Interest on investments	44
<b>Net cash provided (used) by investing activities</b>	<u>44</u>
<b>Net increase (decrease) in cash</b>	108,037
<b>Cash and cash equivalents - beginning of year</b>	<u>11,536</u>
<b>Cash and cash equivalents - end of year</b>	<u><u>\$ 119,573</u></u>
 <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
<b>Operating income (loss)</b>	\$ 7,117
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -</b>	
Depreciation	143,074
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(8,379)
(Increase) decrease in due from other governments	(9,126)
Increase (decrease) in accounts payable and accrued liabilities	(19,918)
Increase (decrease) in compensated absences payable	1,470
(Increase) decrease in deferred outflows of resources for pensions	(13,024)
Increase (decrease) in deferred inflows of resources for pensions	(1,856)
Increase (decrease) in net pension liability	21,013
Increase (decrease) in customer deposits	225
<b>Total adjustments</b>	<u>113,479</u>
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ 120,596</u></u>

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

**Town of Maysville, North Carolina**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**June 30, 2019**

<b><u>ASSETS</u></b>	<b><u>Agency Fund</u></b>
Cash and cash equivalents	\$ 3,735
<b>Total assets</b>	<b><u>3,735</u></b>
<b><u>LIABILITIES</u></b>	
Intergovernmental payable	<u>3,735</u>
<b>Total liabilities</b>	<b><u>\$ 3,735</u></b>

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

## **Notes to the Financial Statements**

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Maysville, North Carolina (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 Maysville is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the financial activity of the Town.

**B - Basis of Presentation**

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods and 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 - government and proprietary - are presented. The emphasis of the 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 the exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise fund:

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

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B - Basis of Presentation (continued)**

The Town reports the following fund types:

Agency Fund. Agency funds are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets the Town holds on behalf of others. The Town maintains the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the Town is required to remit to the Jones County Board of Education.

**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 the 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 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 funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad Valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2014, 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.



**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C - Measurement Focus and Basis of Accounting (continued)**

Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2014 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered shared revenue for the Town of Maysville because the tax is levied by Jones County and then remitted to and distributed by the State. Most intergovernmental revenue and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenue that is unearned at year-end is recorded as deferred revenue. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then 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 and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

**1. Deposits and Investments**

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

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

The Town's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Government Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, The Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

In accordance with State law, the Town of Maysville has invested in securities that are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)**

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

Federal Equitable Sharing and Unauthorized Substance Taxes are classified as restricted cash because they can be expended only for the purposes of enhancing the ability of law enforcement agencies. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Governmental Activities	
General Fund	
Street	\$ 33,895
Public Safety	362
Total Governmental Activities	<u>\$ 34,257</u>
Business-type Activities	
Water and Sewer Fund	
Customer deposits	<u>40,204</u>
Total Business-type Activities	<u>40,204</u>
Total Restricted Cash	<u>\$ 74,461</u>

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenue is reported net of such discounts.

**5. Allowance for Doubtful Accounts**

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

**6. Prepaid Items**

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

**7. Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$750; Buildings, improvements, substations, lines, and other plant and distribution systems, \$750; infrastructure, \$750; furniture and equipment, \$750; and vehicles, \$750.

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)**

**7. Capital Assets (continued)**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2016 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2016 are recorded at their acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. General infrastructure assets acquired prior to July 1, 2003 have not been capitalized as the Town has elected not to retroactively implement the capitalization of infrastructure.

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

	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	40
Improvements	25
Motor vehicles	5 - 7
Furniture and Equipment	5 - 10
Computer Equipment	3 - 5

**8. Deferred Outflows/Inflows of Resources**

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

**9. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related 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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**10. Compensated Absences**

The vacation policies of the Town provide for the accumulation of up to thirty (30) days of earned vacation leave with such leave being fully vested when earned. For the Town, the current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the governmental funds. For the Town's proprietary fund, an expense and a liability for compensated absences and the salary-related payments are recorded within the fund as the leave is earned.

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)**

**10. Compensated Absences (continued)**

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 has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**11. Net Position / Fund Balances**

**Net Position**

Net position in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; 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.

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

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

*Committed Fund Balance* - This classification includes the portion of fund balance that can only be used for specific purposes imposed by majority vote of quorum of the Town of Maysville'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.

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)**

**11. Net Position / Fund Balances (continued)**

**Fund Balances (continued)**

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

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

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

The Town of Maysville has adopted a minimum fund balance policy for the general fund and the water and sewer fund. For the general fund, the policy instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 33% of fund expenditures. For the water and sewer fund, the policy instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 15% of fund expenditures.

**12. Defined Benefit Cost-Sharing Plans**

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

**1. Noncompliance with North Carolina General Statutes**

None

**2. Contractual Violations**

None

**B - Deficit in Fund Balance or Net Position of Individual Funds**

None

**C - Excess of Expenditures over Appropriations**

None

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS**

**A - Assets**

**1. Deposits**

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the 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 \$1,108,178 and a bank balance of \$1,076,256. Of the bank balance, \$250,000 was covered by federal depository insurance. At June 30, 2019, the Town's cash on hand totaled \$100.

The Town has one fiduciary fund, which is an agency fund. At June 30, 2019, the fiduciary fund had a carrying amount of \$3,735 and a bank balance of \$3,735. Of the bank balance, \$3,735 was covered by federal depository insurance.

**2. Accounts Receivable**

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

	<b>Due From Other</b>		
	<b>Governments</b>	<b>Other</b>	<b>Total</b>
Governmental Activities:			
General Fund	\$ 58,546	\$ 43,533	\$ 102,080
Business-Type Activities:			
Enterprise fund	14,772	85,239	100,011
Total	<u>\$ 73,318</u>	<u>\$ 128,773</u>	<u>\$ 202,091</u>

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**A - Assets (continued)**

**3. Receivables - Allowance for Doubtful Accounts**

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

Taxes receivable	\$ 11,527
Total general fund	<u>11,527</u>
Enterprise Funds:	
Water - Accounts receivable	<u>19,169</u>
Total Enterprise Fund	<u>19,169</u>
Total	<u><u>\$ 30,696</u></u>

**4. Note Receivables**

On March 1, 2014, the Town entered into an agreement with a for-profit business located within the Town limits. The purpose of the agreement was to promote economic development within the Town and the substance of the transaction was to pass funds borrowed from Jones-Onslow EMC through to Green Recycling Solutions for the purpose of allowing them to purchase \$500,000 of needed recycling Equipment.

At June 30, 2019, all of the funds had been used to purchase recycling equipment and an agreement has been signed by Green Recycling which calls for the repayment of these funds to the Town in the form of a lease. The terms of the repayment of the lease/note from Green Recycling Solutions will mirror the Town's repayment on the Jones-Onslow EMC note payable. See page 43. Repayment began on September 1, 2015.

<u>During Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 68,182	\$ -	\$ 68,182
2021	65,152	-	65,152
2022	50,000	-	50,000
2023	50,000	-	50,000
2024	40,151	-	40,151
2025	<u>\$ 273,484</u>	<u>\$ -</u>	<u>\$ 273,484</u>

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**A - Assets (continued)**

5. 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	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 47,937	\$ -	\$ -	\$ 47,937
Total capital assets not being depreciated	47,937	-	-	47,937
 <b>Capital assets being depreciated:</b>				
Buildings	202,377	145,000	-	347,377
Equipment	271,149	-	20,330	250,819
Infrastructure	934,208	-	-	934,208
Vehicles	219,599	-	-	219,599
Total capital assets being depreciated	1,627,333	145,000	20,330	1,752,003
 <b>Less accumulated depreciation for:</b>				
Buildings	89,802	7,238	-	97,040
Equipment	230,666	15,948	20,330	226,284
Infrastructure	131,502	31,140	-	162,643
Vehicles	180,518	24,557	-	205,075
Total accumulated depreciation	632,488	\$ 78,883	\$ 20,330	691,041
Total capital assets being depreciated, net	994,845			1,060,961
 <b>Governmental activities capital assets, net</b>	<u>\$1,042,782</u>			<u>\$1,108,898</u>

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

General government	\$ 10,275
Public safety	39,708
Transportation	19,721
Public services	9,179
Total depreciation expense	<u>\$ 78,883</u>



**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**A - Assets (continued)**

4. Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Water fund:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 21,500	\$ -	\$ -	\$ 21,500
CIP	-	9,815	-	9,815
Total capital assets not being depreciated	21,500	9,815	-	31,315
<b>Capital assets being depreciated:</b>				
Plant and distribution systems	5,905,822	-	-	5,905,822
Vehicles	25,761	-	-	25,761
Equipment	331,590	77,933	20,330	389,193
Total capital assets being depreciated	6,263,173	77,933	20,330	6,320,776
<b>Less accumulated depreciation for:</b>				
Plant and distribution systems	1,953,524	133,784	-	2,087,309
Vehicles	9,074	3,050	-	12,124
Equipment	304,758	6,240	20,330	290,668
Total accumulated depreciation	2,267,357	\$ 143,075	\$ 20,330	2,390,101
Total capital assets being depreciated, net	3,995,816			3,930,675
<b>Water fund capital assets, net</b>	<u>\$4,017,316</u>			<u>\$3,961,990</u>

**B - Liabilities**

1. Payables

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

	Vendors	Salaries and Benefits	Total
Governmental activities:			
General Fund	\$ 46,917	\$ 15,364	\$ 62,281
Business-type activities:			
Water and Sewer Fund	15,192	6,476	21,668
Total	<u>\$ 62,109</u>	<u>\$ 21,840</u>	<u>\$ 83,949</u>

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

**2. Pension Plan and Postemployment Obligations**

***a. Local Governmental Employees' Retirement System***

*Plan Description.* The Town of Maysville 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](http://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 Maysville 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 Maysville's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Maysville were \$22,113 for the year ended June 30, 2019.

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

**2. Pension Plan and Postemployment Obligations (continued)**

***a. Local Governmental Employees' Retirement System (continued)***

*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 \$135,223 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 asset 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 0.00570%, which was an increase of 0.00129% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$4,919. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 20,862	\$ 700
Changes of assumptions	35,883	-
Net difference between projected and actual earnings on pension plan investments	18,562	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	20,204	6,516
Town contributions subsequent to the measurement date	22,113	-
Total	<u>\$ 117,624</u>	<u>\$ 7,216</u>

\$22,113 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 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	\$ 37,865
2020	27,553
2021	10,485
2022	12,393
2023	-
Thereafter	-

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

**2. Pension Plan and Postemployment Obligations (continued)**

***a. Local Governmental Employees' Retirement System (continued)***

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)***

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

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

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

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

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

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

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

**2. Pension Plan and Postemployment Obligations (continued)**

***a. Local Governmental Employees' Retirement System (continued)***

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)***

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 asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00%, 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%) or one percentage point higher (8.00%) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 324,819	\$ 135,223	\$ (23,205)

*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.

***b. Law Enforcement Officers' Special Separation Allowance***

***1. Plan Description***

The Town of Maysville 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 percentage 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.

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

**2. Pension Plan and Postemployment Obligations (continued)**

***b. Law Enforcement Officers' Special Separation Allowance (continued)***

**1. Plan Description (continued)**

The Separation Allowance covers all full-time law enforcement officers of the Town. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>4</u>
Total	<u><u>4</u></u>

**2. 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.

**3. 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.

**4. 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 \$0 for the reporting period.

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

2. Pension Plan and Postemployment Obligations (continued)

*b. Law Enforcement Officers' Special Separation Allowance (continued)*

**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 \$20,009. 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 \$5,192.

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 7,404	\$ -
Changes of assumptions and other inputs	1,077	1,024
Benefit payment and administrative expenses subsequent to the measurement date	-	-
Total	<u>\$ 8,481</u>	<u>\$ 1,024</u>

No amount was reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2020	\$ 1,667
2021	1,667
2022	1,667
2023	1,683
2024	790
Thereafter	(17)

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

**2. Pension Plan and Postemployment Obligations (continued)**

***b. Law Enforcement Officers' Special Separation Allowance (continued)***

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

*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 %, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 %) or 1-percentage-point higher (4.64 %) than the current rate:

	<b>1% Decrease (2.64%)</b>	<b>Current Discount Rate (3.64%)</b>	<b>1% Increase (4.64%)</b>
Total pension liability	\$22,426	\$20,009	\$17,853

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 16,759	\$ 3,056	\$ 2,351
Service cost	2,995	2,360	759
Interest on the total pension liability	530	118	84
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	852	9,668	-
Changes of assumptions or other inputs	(1,127)	1,557	(138)
Benefit payments	-	-	-
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 20,009</u>	<u>\$ 16,759</u>	<u>\$ 3,056</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.



**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

2. Pension Plan and Postemployment Obligations (continued)

*b. Law Enforcement Officers' Special Separation Allowance (continued)*

**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:

	<b>LGERS</b>	<b>LEOSSA</b>	<b>Total</b>
Pension Expense	\$ 4,919	\$ 5,192	\$ 10,111
Pension Liability	135,223	20,009	155,232
Proportionate share of the net pension liability	0.00570%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	20,862	7,404	28,266
Changes of assumptions	35,883	1,077	36,960
Net difference between projected and actual earnings on plan investments	18,562	-	18,562
Changes in proportion and differences between contributions and proportionate share of contributions	20,204	-	20,204
Benefit payments and administrative costs paid subsequent to the measurement date	22,113	-	22,113
Deferred of Inflows of Resources			
Difference between expected and actual experience	700	-	700
Changes of assumptions	-	1,024	1,024
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,516	-	6,516

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

**2. Pension Plan and Postemployment Obligations (continued)**

***c. Supplemental Retirement Income Plan for Law Enforcement Officers and General Employees***

*1. 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. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$20,692, which consisted of \$2,916 from the Town and \$1,458 from the law enforcement officers. General employees of the Town are also permitted to make voluntary contributions to the Plan. Contribution made by general employees for the year ended June 30, 2019 was \$1,458.

**2. Other Employment Benefits**

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

**3. Deferred Outflows and Inflows of Resources**

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

<u>Source</u>	<u>Amount</u>
Contributions made to the plan in the current year	\$ 22,113
Benefit payments and administrative expenses for	
LEOSSA made subsequent to measurement date	-
Differences between expected and actual experience	28,266
Changes of assumptions	36,960
Net difference between projected and actual earnings on	
pension plan investments	18,562
Changes in proportion and differences between Town	
contributions and proportionate share of contributions	20,204
Total	<u>\$ 126,105</u>

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

**3. Deferred Outflows and Inflows of Resources (continued)**

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

	<b><u>Statement of Net Position</u></b>	<b><u>General Fund Balance Sheet</u></b>
Taxes receivable, less penalties (General Fund)	\$ -	\$ 24,650
Changes in assumptions	1,024	-
Differences between expected and actual experience	700	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,516	-
Total	<u>\$ 8,240</u>	<u>\$ 24,650</u>

**4. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to \$2 million lifetime coverage. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$50,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. 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 total insurance values.

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.

Because the Town is in an area of the State that has been mapped and designated moderate to low flood zone by the Federal Emergency Management Agency, the Town has chosen not to obtain 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 officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

**5. Claims, Judgments, and Contingent Liabilities**

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

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

5. Long-Term Obligations

a. Notes Payable

Serviced by the General Fund:

The Town of Maysville entered into a note payable with Jones-Onslow EMC on March 1, 2013 in the amount of \$560,000 for the purpose of economic development. The loan is for a 240-month period at 0%, with an 18-month deferral period. The Town's portion of \$60,000 was paid back at the time of closing. Payments for the 19<sup>th</sup> through 24<sup>th</sup> month shall be in the amount of \$1,515 per month. Payments for the 25<sup>th</sup> through 84<sup>th</sup> month shall be in the amount of \$5,682 per month. Payments for the 85<sup>th</sup> through 120<sup>th</sup> and last month shall be in the amount of \$4,167.

Annual debt service payments as of June 30, 2019 are as follows:

Years Ending June 30:	Governmental-Type Activities	
	Principal	Interest
2020	\$ 68,182	\$ -
2021	65,152	-
2022	50,000	-
2023	50,000	-
2024	40,150	-
Total	<u>\$ 273,484</u>	<u>\$ -</u>

The Town of Maysville entered into a note payable with United States Department of Agriculture on September 3, 2014 in the amount of \$64,000 for the purpose of the purchase for three police cars. The loan is for a 7-year period at 4.00%. The note is payable in annual installments of \$10,664, including interest.

Annual debt service payments as of June 30, 2019 are as follows:

Years Ending June 30:	Governmental-Type Activities	
	Principal	Interest
2020	\$ 9,482	\$ 592
2021	9,863	402
2022	9,499	205
Total	<u>\$ 28,844</u>	<u>\$ 1,199</u>

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

5. Long-Term Obligations (continued)

a. Notes Payable (continued)

The Town of Maysville entered into a direct placement installment purchase contract with BB&T on October 2, 2017 in the amount of \$14,893 for the purpose of the purchase of a vehicle. The loan is for a 5-year period at 3.06%. The note is payable in yearly installments of \$3,258, including interest.

Years Ending June 30:	Governmental-Type Activities	
	Principal	Interest
2020	\$ 2,888	\$ 370
2021	2,976	563
2022	3,067	381
2023	3,161	193
Total	<u>\$ 12,091</u>	<u>\$ 1,507</u>

Serviced by the Water and Sewer Fund:

The Town of Maysville entered into a direct placement installment purchase contract with BB&T on October 2, 2017 in the amount of \$14,893 for the purpose of the purchase of a vehicle. The loan is for a 5-year period at 3.06%. The note is payable in yearly installments of \$3,258, including interest.

Years Ending June 30:	Business-Type Activities	
	Principal	Interest
2020	\$ 2,887	\$ 370
2021	2,976	282
2022	3,067	191
2023	3,160	193
Total	<u>\$ 12,090</u>	<u>\$ 1,035</u>

b. General Obligation Indebtedness

Serviced by the Water and Sewer Fund:

Those general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - Liabilities (continued)**

**5. Long-Term Obligations (continued)**

Bonds payable at June 30, 2019 are comprised of the following individual issues:

General obligation bonds of \$177,500 ARRA Revolving Loan are due in annual installments of \$8,875 with no interest until it matures on May 2, 2030.

Years Ending June 30:	Business-Type Activities	
	Principal	Interest
2020	\$ 8,875	\$ -
2021	8,875	-
2022	8,859	-
2023	8,859	-
2024	8,859	-
2025-2029	44,359	-
2030	8,938	-
Total	<u>\$ 97,625</u>	<u>\$ -</u>

**c. Changes in liabilities**

	Beginning Balances	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Compensated absences	\$ 11,976	\$ 6,078	\$ 5,586	\$ 12,468	\$ 5,586
Net pension liability (LGERS)	49,856	46,837	-	96,693	-
Total pension liability (LEO)	16,759	3,250	-	20,009	-
Notes payable - USDA	38,705	-	9,861	28,844	9,482
Direct placement installment purchase	14,893	-	2,802	12,091	2,887
Notes payable - Jones-Onslow EMC	341,666	-	68,182	273,484	68,182
Governmental activity long-term liabilities	<u>\$ 473,855</u>	<u>\$ 56,165</u>	<u>\$ 86,431</u>	<u>\$ 443,589</u>	<u>\$ 86,137</u>
Business-type activities:					
Compensated absences	\$ 6,476	\$ 6,772	\$ 5,302	\$ 7,946	\$ 5,302
Net pension liability (LGERS)	17,517	21,013	-	38,530	-
Direct placement installment purchase	14,893	-	2,803	12,090	2,887
General obligation bonds	106,500	-	8,875	97,625	8,875
Business-type activity long-term liabilities	<u>\$ 145,386</u>	<u>\$ 27,785</u>	<u>\$ 16,980</u>	<u>\$ 156,191</u>	<u>\$ 17,064</u>

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2019**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**C - Interfund Balances and Activity**

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

**D - Fund Balance**

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

Total Fund Balance - General Fund	\$ 1,001,625
Less:	
Stabilization by State Statute	190,792
Street	33,895
Public safety	362
Remaining Fund Balance	\$ 776,576

**NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

Federal and State Assisted Programs

The Town has received proceeds from federal and State grants. Periodic audit of these grants is 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 5 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through December 24, 2019, which is the date the financial statements were available to be issued.

## **Required Supplementary Financial Data**

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

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- Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll



**Town of Maysville, North Carolina**  
**Town of Maysville's Proportionate Share of Net Pension Liability (Asset)**  
**Required Supplementary Information**  
**Last Six Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Maysville' proportion of the net pension liability (asset) (%)	0.00570%	0.00441%	0.00170%	0.00450%	-0.00600%	-0.00460%
Maysville' proportion of the net pension liability (asset) (\$)	\$ 135,223	\$ 67,373	\$ 35,867	\$ 20,241	\$ (33,385)	\$ (55,448)
Maysville' covered-employee payroll	\$ 316,716	\$ 271,555	\$ 271,555	\$ 206,537	\$ 286,983	\$ 239,602
Maysville' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	42.70%	24.81%	13.21%	9.80%	-11.63%	-23.14%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

**Town of Maysville, North Carolina**  
**Town of Maysville's Contributions**  
**Required Supplementary Information**  
**Last Six Fiscal Years**

**Local Government Employees' Retirement System**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 22,113	\$ 24,671	\$ 20,439	\$ 14,203	\$ 20,736	\$ 20,459
Contributions in relation to the contractually required contribution	<u>22,113</u>	<u>24,671</u>	<u>20,439</u>	<u>14,203</u>	<u>20,736</u>	<u>20,459</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Maysville' covered-employee payroll	\$ 308,282	\$ 316,716	\$ 271,555	\$ 271,555	\$ 206,537	\$ 286,983
Contributions as a percentage of covered-employee payroll	7.17%	7.79%	7.53%	5.23%	10.04%	7.13%

**Town of Maysville, 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	\$ 16,759	\$ 3,056	\$ 2,351
Service Cost	2,995	2,360	759
Interest on the total pension liability	530	118	84
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	852	9,668	-
Changes of assumptions or other inputs	(1,127)	1,557	(138)
Benefit payments	-	-	-
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 20,009</u>	<u>\$ 16,759</u>	<u>\$ 3,056</u>

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

**Town of Maysville, 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	\$ 20,009	\$ 16,759	\$ 3,056
Covered payroll	124,757	111,983	42,773
Total pension liability as a percentage of covered payroll	16.04%	14.98%	7.14%

Notes to the schedules:

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

## **Individual Fund Statements and Schedules**

## **General Fund**

**Town of Maysville, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended June 30, 2019**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
<b>Ad valorem taxes:</b>			
Current Year	\$	\$ 252,533	\$
Interest		2,815	
<b>Total</b>	<u>263,500</u>	<u>255,348</u>	<u>(8,152)</u>
<b>Unrestricted intergovernmental:</b>			
Local option sales taxes		96,700	
Utility franchise tax		38,949	
Beer/wine excise tax		4,438	
Telecommunications tax		4,677	
Video franchise fee		7,009	
<b>Total</b>	<u>153,700</u>	<u>151,773</u>	<u>(1,927)</u>
<b>Restricted intergovernmental:</b>			
Powell Bill allocation		33,895	
Byrne Jag grant		18,923	
PARTF grant		17,390	
Solid waste disposal tax		723	
<b>Total</b>	<u>69,639</u>	<u>70,931</u>	<u>1,292</u>
<b>Permits and fees:</b>			
Building permits		3,322	
NCDMV notary fees		27,131	
Police service fees		3,193	
Other fees		2,353	
<b>Total</b>	<u>23,130</u>	<u>35,999</u>	<u>12,869</u>
<b>Sales and services:</b>			
Garbage collection fee		61,910	
NC LPA		61,316	
<b>Total</b>	<u>105,000</u>	<u>123,226</u>	<u>18,226</u>
<b>Miscellaneous:</b>			
Green recycling franchise fees		199,953	
Green recycling lease agreement		90,909	
Other		5,448	
<b>Total</b>	<u>111,232</u>	<u>296,310</u>	<u>185,078</u>
<b>Hurricane recovery:</b>			
FEMA		355,626	
Revitalization grant		20,000	
State appropriation grant		149,275	
Duke energy water resources grant		35,000	
NCORR grant		450,000	
Other grants		7,577	
<b>Total</b>	<u>511,375</u>	<u>1,017,478</u>	<u>506,103</u>
<b>Total revenues</b>	<u>\$ 1,237,576</u>	<u>\$ 1,951,065</u>	<u>\$ 713,489</u>

**Town of Maysville, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (continued)**  
**For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
<b>General government:</b>			
<b>Governing body:</b>			
Mayor and board salaries	\$	\$ 12,600	\$
Professional services		32,175	
<b>Total</b>	<u>44,775</u>	<u>44,775</u>	<u>-</u>
<b>Administration/Finance:</b>			
Salaries and employee benefits		65,837	
Telephone and postage		1,607	
Utilities		19,112	
Insurance and bonds		9,817	
Tax collection fees		11,273	
Building maintenance		15,368	
Advertising		308	
Dues and subscriptions		1,448	
Other operating expenditures		26,214	
Recreation part expenditures		7,089	
Capital outlay		145,000	
<b>Total</b>	<u>338,968</u>	<u>303,073</u>	<u>35,895</u>
<b>Total general government</b>	<u>383,743</u>	<u>347,848</u>	<u>35,895</u>
<b>Public safety:</b>			
<b>Police department:</b>			
Salaries and employee benefits		128,082	
Telephone and postage		3,838	
Vehicle maintenance/repair		12,238	
Supplies		8,512	
Insurance		3,885	
Other operating expenditures		20,371	
<b>Total</b>	<u>209,187</u>	<u>176,926</u>	<u>32,261</u>
<b>Fire department/rescue unit:</b>			
Assistance to local fire department unit		63,499	
<b>Total</b>	<u>63,499</u>	<u>63,499</u>	<u>-</u>
<b>Inspections:</b>			
Salaries and employee benefits		665	
<b>Total</b>	<u>665</u>	<u>665</u>	<u>-</u>
<b>Total public safety</b>	<u>\$ 273,351</u>	<u>\$ 241,090</u>	<u>\$ 32,261</u>



**Town of Maysville, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (continued)**  
**For the Year Ended June 30, 2019**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Transportation:</b>			
Salaries and employee benefits	\$	\$ 57,212	\$
Supplies		6,268	
Contract services		1,500	
Maintenance and repairs		23,795	
Capital outlay		-	
<b>Total</b>	<u>98,378</u>	<u>88,775</u>	<u>9,603</u>
<b>Public service:</b>			
Garbage collection		55,686	
<b>Total</b>	<u>55,686</u>	<u>55,686</u>	<u>-</u>
<b>LPA:</b>			
Salaries and employee benefits		42,902	
Maintenance and repairs		358	
Supplies		128	
Other operating expense		300	
<b>Total</b>	<u>47,950</u>	<u>43,688</u>	<u>4,262</u>
<b>Hurricane recovery</b>	317,745	271,650	46,095
<b>Debt service:</b>			
Principal		80,845	
Interest		2,355	
<b>Total</b>	<u>83,210</u>	<u>83,200</u>	<u>10</u>
<b>Total expenditures</b>	<u>1,260,063</u>	<u>1,131,937</u>	<u>77,769</u>
<b>Revenues over (under) expenditures</b>	<u>(22,487)</u>	<u>819,128</u>	<u>841,615</u>
<b>Other financing sources (uses):</b>			
Insurance proceeds	23,275	23,275	
Sales of capital assets	2,000	16,356	
<b>Total</b>	<u>25,275</u>	<u>39,631</u>	<u>14,356</u>
<b>Fund balance appropriated</b>	(2,788)	-	(2,788)
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>858,759</u>	<u>\$ 855,971</u>
<b>Fund balance, beginning</b>		<u>142,866</u>	
<b>Fund balance, ending</b>		<u><u>\$ 1,001,625</u></u>	

**Enterprise Fund**

**Town of Maysville, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non – GAAP)**  
**For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b><u>Revenues:</u></b>			
<b>Charges for services:</b>			
Water & Sewer charges		\$ 498,489	
Other operating revenues		2,743	
<b>Total</b>	<u>624,483</u>	<u>501,232</u>	<u>(123,251)</u>
<b>Non-operating revenues:</b>			
sewer asset inventory grant		123,320	
Sale of assets		412	
<b>Total</b>	<u>-</u>	<u>123,732</u>	<u>123,732</u>
<b>Total revenues</b>	<u>624,483</u>	<u>624,964</u>	<u>481</u>
<b><u>Expenditures:</u></b>			
<b>Water and Sewer:</b>			
Salaries and employee benefits		122,845	
Supplies		21,635	
Repairs and maintenance		65,754	
Utilities		35,585	
Professional services		71,411	
Insurance		10,154	
Principal retirement		11,677	
Interest expense		456	
Capital outlay		87,748	
Other operating expenditures		16,054	
Nonoperating expenditures		113,392	
<b>Total</b>	<u>624,483</u>	<u>556,711</u>	<u>67,772</u>
<b>Total expenditures</b>	<u>624,483</u>	<u>556,711</u>	<u>67,772</u>

**Town of Maysville, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non – GAAP)**  
**For the Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Other financing sources (uses):</b>			
Capital contribution	-	\$ 76,983	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>76,983</u>	<u>(76,983)</u>
 <b>Appropriated fund balance</b>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 <b>Revenues over expenditures and other financing (uses)</b>	 <u>\$ -</u>	 <u>145,236</u>	 <u>\$ 145,236</u>

**Reconciliation from budgetary basis  
(modified accrual) to full accrual:**

**Reconciling items:**

Principal retirement	11,677
Capital outlay	87,748
Increase in accrued vacation pay	(1,470)
Increase in deferred outflows of resources - pensions	13,025
Increase in net pension liability	(21,013)
Decrease in deferred inflows of resources -pensions	1,855
Depreciation	<u>(143,074)</u>
<b>Total reconciling items</b>	<u>(51,252)</u>
 <b>Change in net position</b>	 <u>\$ 93,984</u>

**Town of Maysville, North Carolina**  
**Fines and Forfeitures Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2019**

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 800	\$ 2,935	\$ -	\$ 3,735
<b><u>LIABILITIES</u></b>				
Intergovernmental payable	\$ 800	\$ 2,935	\$ -	\$ 3,735

**Town of Maysville, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2019**

<b><u>Fiscal Year</u></b>	<b><u>Uncollected Balances June 30, 2018</u></b>	<b><u>Additions</u></b>	<b><u>Collections and Credits</u></b>	<b><u>Uncollected Balances June 30, 2019</u></b>
2018-2019	\$ -	\$ 257,027	\$ 244,667	\$ 12,360
2017-2018	9,196	-	4,585	4,611
2016-2017	5,548	-	1,441	4,107
2015-2016	3,356	-	519	2,837
2014-2015	2,286	-	143	2,143
2013-2014	2,796	-	379	2,417
2012-2013	2,344	-	249	2,095
2011-2012	2,298	-	72	2,226
2010-2011	2,072	-	247	1,825
2009-2010	1,595	-	39	1,555
	<u>\$ 31,491</u>	<u>\$ 257,027</u>	<u>\$ 252,341</u>	<u>36,177</u>

Less: allowance for uncollectible accounts - General Fund

11,527

**Ad valorem taxes receivable - net**

\$ 24,650

**Reconciliation to revenues:**

Ad valorem taxes - General Fund

\$ 256,988

Interest and Penalties collected

(7,679)

Reconciling items:

Taxes written off

3,032

**Total collections and credits**

\$ 252,341

**Town of Maysville, North Carolina**  
**Analysis of Current Tax Levy**  
**For the Year Ended June 30, 2019**

	<u>Town-Wide Levy</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
<b>Original levy</b>					
Property taxed at current year's rate	\$ 50,520,196	0.51	\$ 257,653	\$ 226,161	\$ 31,492
<b>Discoveries</b>					
Penalties			178	178	-
<b>Rebatelements</b>	<u>(157,647)</u>		<u>(804)</u>	<u>(804)</u>	<u>-</u>
<b>Total property valuation</b>	<u>\$ 50,362,549</u>				
 <b>Net levy</b>			257,027	225,535	31,492
 <b>Uncollected taxes at June 30, 2019</b>			<u>(12,360)</u>	<u>(11,141)</u>	<u>(1,219)</u>
 <b>Current year's taxes collected</b>			<u>\$ 244,667</u>	<u>\$ 214,394</u>	<u>\$ 30,273</u>
 <b>Current levy collection percentage</b>			<u>95.19%</u>	<u>95.06%</u>	<u>96.13%</u>

## **Compliance Section**



# **S. Preston Douglas & Associates, LLP**

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS  
American Institute of CPAs  
N. C. Association of CPAs

## **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 Honorable Mayor and  
Members of the Board of Commissioners  
Maysville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Maysville, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Town of Maysville's basic financial statements and have issued our report thereon dated December 24, 2019.

### Internal Control over Financial Reporting

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

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

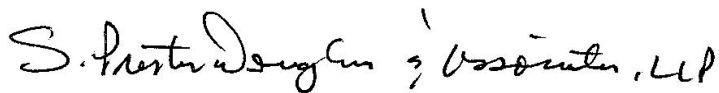
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses (items 2019-001 and 2019-002).

### Compliance and Other Matters

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

### Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Handwritten signature of S. Parker Dugan, Jr. in black ink.

Lumberton, North Carolina  
December 24, 2019

**Town of Maysville, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

<b>Section I. Summary of Auditor's Results</b>
--

**Financial Statements**

Type of auditor's report issued:	Unmodified.		
Internal control over financial reporting:			
• Material weakness(es) identified?	_X_	yes	_____ no
• Significant deficiency(s) identified that are not considered to be material weaknesses	_____	yes	_X_ none reported
• Noncompliance material to financial statements	_____	yes	_X_ no

<b>Section II. Financial Statement Findings</b>
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**MATERIALWEAKNESS**

**Finding 2019-001      Financial Reporting**

Criteria:	The Town should have personnel in place that have expertise in financial accounting and reporting sufficient to prepare or review financial statements to ensure they are in accordance with general accepted accounting principles.
Condition:	The accounting staff does not have the technical training and background to prepare or review the financial statements at a level to prevent, detect, and correct potential misstatements in the financial statements and notes prepared in accordance with generally accepted accounting principles.
Effect:	The financial statements could include material misstatements or inadequate disclosures that are not in accordance with generally accepted accounting principles.
Cause:	The Town does not have financial personnel that have the necessary technical training and expertise to ensure financial statements are prepared in accordance with generally accepted accounting principles. Significant turnover has been experienced by the Town in all areas of management and finance during the recent years.
Repeat Finding:	This is a repeat finding from the immediate previous audit, 2018-1.
Recommendation:	The Town may consider providing the necessary training to current personnel or outsourcing the financial statement preparation function.

**Views of responsible officials and planned corrective actions:**

The Town agrees with the finding and agrees to adhere to the corrective action plan on page 63.

**Town of Maysville, North Carolina**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended June 30, 2019**

<b>Section II. Financial Statement Findings</b>
---

**MATERIAL WEAKNESS**

**Finding 2019-002      Segregation of Duties**

Criteria:                      Duties should be segregated to provide reasonable assurance that transactions are handled appropriately.

Condition:                    There is a lack of segregation among Town personnel.

Effect:                         The Town's internal control process cannot ensure that errors will be detected by employees in the normal course of performing their assigned functions.

Cause:                         The Town has two employees to handle all financial transactions due to their limited budget.

Repeat Finding:              This is a repeat finding from the immediate previous audit, 2018-2.

Recommendation:           The Town, whenever possible, should segregate its administrative duties to the extent practical to maximize the benefit of its internal control procedure.

Views of responsible officials and planned corrective actions:

The Town agrees with the finding and agrees to adhere to the correction action plan on page 63.



**Town of Maysville, North Carolina  
Corrective Action Plan  
For the Year Ended June 30, 2019**

**MATERIAL WEAKNESS**

**Finding 2019-001**

**Financial Reporting**

Name of contact person: Sholanthe' Gordon, Finance Director

Corrective Action Due to the related costs in eliminating this control deficiency, management has determined that they are willing to accept the risks associated with the control deficiency. We will provide any necessary training for management and financial personnel.

Proposed Completion Date: The Town will implement the above procedures immediately.

**Finding 2019-002**

**Segregation of Duties**

Name of contact person: Sholanthe' Gordon, Finance Director

Corrective Action The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The Town will continue to monitor its internal controls in an effort to alleviate inherent limitations placed on small towns.

Proposed Completion Date: The Town will implement the above procedures immediately.

**Town of Maysville, North Carolina**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2019**

Finding:	2018-001
Status:	The finding has not been corrected. Town personnel require additional training and experience.
Finding:	2018-002
Status:	This finding has not been corrected. Duties are being separated as much as possible and alternative controls are being implemented to compensate for lack of separation.
Finding:	2018-003
Status:	The finding has been corrected.
Finding:	2017-001
Status:	The finding has not been corrected. Town personnel require additional training and experience.
Finding:	2017-002
Status:	This finding has not been corrected. Duties are being separated as much as possible and alternative controls are being implemented to compensate for lack of separation.
Finding:	2017-003
Status:	The finding has been corrected.