

**Town of Murfreesboro  
North Carolina  
Financial Statements  
For the Fiscal Year Ended  
June 30, 2019**

**Town Council Members**

Hal Thomas, Mayor  
Sarah Wallace, Mayor Pro-Tem  
Craig Dennis, Councilman  
Vasilis “Billy” Theodorakis, Councilman  
Berna Stephens, Councilman  
John Hinton, Councilman

**Administrative and Financial Staff**

Carolyn Brown, Town Clerk

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

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

Gary L. Williams, CPA  
Carleen P. Evans, CPA  
Jennifer T. Reese, CPA  
Tara H. Roberson, CPA

Certified Public Accountants



America Counts on CPAs

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Curtis G. Van Horne, CPA

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## Independent Auditor's Report

To the Honorable Mayor  
and Members of the Town Council  
Town of Murfreesboro, 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 Murfreesboro, 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 internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information

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

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of the Town of Murfreesboro, North Carolina as of June 30, 2019, and respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 4-13, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 56 and 57, 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 58 and 59, respectively, 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 Murfreesboro, 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 combining and individual fund 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 combining and individual fund statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2020 on our consideration of the Town of Murfreesboro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Murfreesboro's internal control over financial reporting and compliance.

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
Oxford, North Carolina  
May 25, 2020

## **Management Discussion and Analysis**

## Management's Discussion and Analysis

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

### Financial Highlights

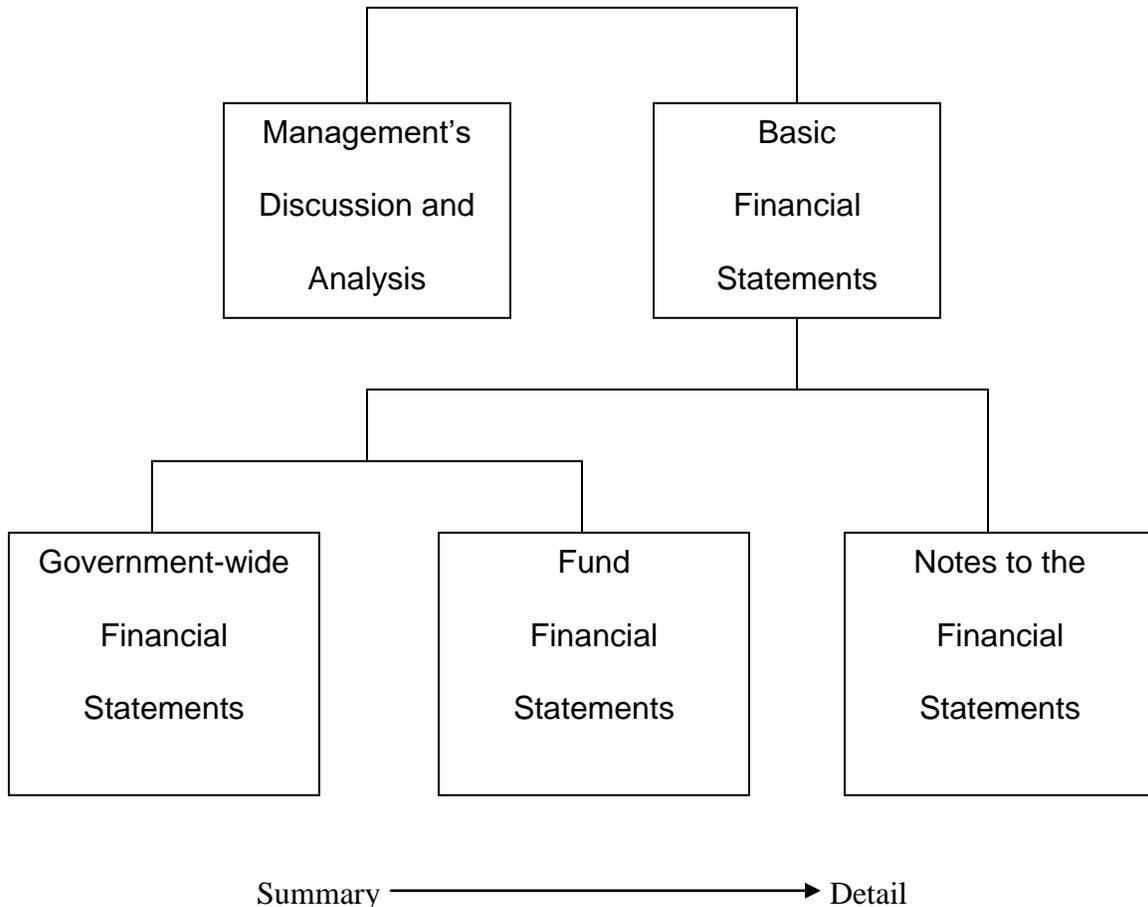
- The assets and deferred outflows of resources of the Town of Murfreesboro *exceeded* its liabilities at the close of the fiscal year by \$7,327,028 (*net position*).
- The government's total net position *increased* by \$438,494 primarily due to restatement of debt in beginning net position.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,398,368 an increase of \$511,090 in comparison with the prior year. Approximately 71 percent of this total amount, or \$996,831, is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,014,501 or 53 percent of total general fund expenditures for the fiscal year.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town's

individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

### **Government-wide Financial Statements**

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

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

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

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

### **Fund Financial Statements**

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

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

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

**Proprietary Funds** – Town of Murfreesboro has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Murfreesboro uses enterprise funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 29 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information. Required supplementary information can be found beginning on page 56 of this report.

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

**Government-Wide Financial Analysis**  
**Town of Murfreesboro's Net Position**

**Figure 2**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 1,514,334	\$ 1,070,189	\$ 831,638	\$ 898,361	\$ 2,345,972	\$ 1,968,550
Capital assets	1,191,772	1,268,104	6,457,588	6,631,995	7,649,360	7,900,099
Deferred outflow of resources	223,405	106,080	69,314	60,386	292,719	166,466
Total assets and deferred outflows of resources	2,929,511	2,454,373	7,358,540	7,590,742	10,288,051	10,035,115
Long term liabilities outstanding	546,139	460,368	1,866,496	2,122,673	2,412,635	2,583,041
Other liabilities	69,722	103,605	454,565	433,015	524,287	536,620
Total liabilities	615,861	563,973	2,321,061	2,555,688	2,936,922	3,119,661
Deferred inflows of resources						
Unearned Revenue	-	-	-	-	-	-
Pension deferrals	19,095	17,402	5,006	9,518	24,101	26,920
Total deferred inflows of resources	19,095	17,402	5,006	9,518	24,101	26,920
Net position:						
Net investment in capital assets	1,191,772	1,268,104	4,438,154	4,312,999	5,629,926	5,581,103
Restricted	401,537	619,226	-	-	401,537	618,498
Unrestricted	701,246	(24,332)	594,319	712,537	1,295,565	688,205
Total net position	\$ 2,294,555	\$ 1,862,998	\$ 5,032,473	\$ 5,025,536	\$ 7,327,028	\$ 6,888,534

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 Murfreesboro exceeded liabilities and deferred inflows by \$7,327,028 as of June 30, 2019. The Town of Murfreesboro's net position increased by \$438,494 for the fiscal year ended June 30, 2019. However, the largest portion (77%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Murfreesboro uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Murfreesboro's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Murfreesboro's net position \$401,537 (5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,295,565 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.40%.
- Continued low cost of debt due to the Town's high bond rating.
- Cost cutting measures made across all departments.

Town of Murfreesboro Changes in Net Position

**Figure 3**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for Services	\$ 322,277	\$ 311,926	\$ 1,336,823	\$ 1,386,469	\$ 1,659,100	\$ 1,698,395
Operating grants and contributions	132,167	115,417	-	-	132,167	115,417
Capital grants and contributions	28,953	35,818	-	-	28,953	35,818
General Revenues:						
Property Taxes	944,015	900,745	-	-	944,015	900,745
Other Taxes	787,885	386,673	-	-	787,885	386,673
Other	246,817	633,964	4,500	2,739	251,317	636,703
Total Revenues	<u>2,462,114</u>	<u>2,384,543</u>	<u>1,341,323</u>	<u>1,389,208</u>	<u>3,803,437</u>	<u>3,773,751</u>
Expenses:						
General Government	422,448	826,008	-	-	422,448	826,008
Public Safety	989,184	1,041,071	-	-	989,184	1,041,071
Transportation	137,418	364,001	-	-	137,418	364,001
Economic and Physical Development	-	-	-	-	-	-
Environmental Protection	315,391	273,086	-	-	315,391	273,086
Culture and Recreation	108,775	106,256	-	-	108,775	106,256
Interest on long-term debt	457	800	-	-	457	800
Water and Sewer	-	-	1,324,937	1,270,731	1,324,937	1,270,731
Total Expenses	<u>1,973,673</u>	<u>2,611,222</u>	<u>1,324,937</u>	<u>1,270,731</u>	<u>3,298,610</u>	<u>3,881,953</u>
Transfers	-	-	-	-	-	-
Increase (decrease) in Net Position	<u>488,441</u>	<u>(226,679)</u>	<u>16,386</u>	<u>118,477</u>	<u>504,827</u>	<u>(108,202)</u>
Net position, as previously reported	1,862,998	2,122,350	5,025,536	4,903,493	6,888,534	7,025,843
Prior period adjustment	(56,884)	(32,673)	(9,449)	3,566	(66,333)	(29,107)
Net position, beginning as restated	<u>1,806,114</u>	<u>2,089,677</u>	<u>5,016,087</u>	<u>4,907,059</u>	<u>6,822,201</u>	<u>6,996,736</u>
Net position, ending	<u>\$ 2,294,555</u>	<u>\$ 1,862,998</u>	<u>5,032,473</u>	<u>5,025,536</u>	<u>\$ 7,327,028</u>	<u>\$ 6,888,534</u>

**Governmental activities.** Governmental activities increased the Town's net position by \$488,441. Key elements of this decrease are as follows:

- Public safety expenses down by \$51,887.
- General Government expenses are down \$403,560.
- Total expenses decreased by \$637,549.

**Business-type activities:** Business-type activities Increased the Town of Murfreesboro's net position by \$16,386, accounting for most of the total growth in the government's net position. Key elements of this are as follows:

- Charges for services revenues decreased from prior year by \$49,646.
- Total expenses increased \$54,206.

### **Financial Analysis of the Town's Funds**

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

**Governmental Funds.** The focus of the Town of Murfreesboro's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Murfreesboro's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Murfreesboro. At the end of the current fiscal year, fund balance available in the General Fund was \$1,014,501, while total fund balance reached \$1,416,038. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 52.73 percent of total General Fund expenditures, while total fund balance represents 73.60 percent of that same amount.

At June 30, 2019, the governmental funds of the Town of Murfreesboro reported a combined fund balance of \$1,398,368 with a net increase in fund balance of \$511,090. Included in this change in fund balance are an increase in fund balance in the General Fund and a increase in fund balance in the Non-Major Funds.

**General Fund Budgetary Highlights:** During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to

recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

**Proprietary Funds.** The Town of Murfreesboro’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$ 594,319. The total change in net position was \$16,386.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Murfreesboro’s investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$7,649,360 (net of accumulated depreciation). These assets include buildings, improvements, land, machinery and equipment, and vehicles.

There were no major asset transactions during the year.

**Town of Murfreesboro’s Capital Assets  
(net of depreciation)**

**Figure 4**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Land	\$ 124,128	\$ 124,128	\$ 882,432	\$ 882,432	\$ 1,006,560	\$ 1,006,560
Construction in Progress	-	-	-	-	-	-
Buildings, improvements & systems	432,056	475,527	5,334,272	5,499,133	5,765,328	5,974,660
Infrastructure	155,809	165,072	-	-	155,809	165,072
Computer equipment	22,672	16,995	-	-	22,672	16,995
Equipment	82,182	94,624	218,227	220,733	300,409	315,357
Vehicles and motorized equipment	374,925	391,758	22,657	29,697	398,582	421,455
<b>Total</b>	<b>\$ 1,191,772</b>	<b>\$ 1,268,104</b>	<b>\$ 6,457,588</b>	<b>\$ 6,631,995</b>	<b>\$ 7,649,360</b>	<b>\$ 7,900,099</b>

Additional information on the Town of Murfreesboro’s capital assets can be found in Note II of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2019, the Town of Murfreesboro’s had total bonded debt outstanding of \$16,000. The entire amount of this debt is collateralized by the full faith and credit of the Town.

**Town of Murfreesboro’s Outstanding Debt**

During the past fiscal year, the Town’s total debt decreased by \$309,011.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for Town of Murfreesboro is \$9,296,906.

**Long-term Debt  
Figure 5**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
General Obligation bonds	\$ -	\$ -	\$ 16,000	\$ 24,000	\$ 16,000	\$ 24,000
Installment purchases	-	-	2,003,434	2,294,996	2,003,434	2,294,996
Net pension liability	139,010	85,396	108,900	63,710	247,910	149,106
Total pension liability	407,129	374,972	-	-	407,129	374,972
Compensated absences	37,533	34,310	28,515	31,696	66,048	66,006
<b>Total</b>	<b>\$ 583,672</b>	<b>\$ 494,678</b>	<b>\$ 2,156,849</b>	<b>\$ 2,414,402</b>	<b>\$ 2,740,521</b>	<b>\$ 2,909,080</b>

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

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

- The Town of Murfreesboro historically maintains its fiscal growth despite it being a small college/historic town.
- The Town of Murfreesboro maintains a low unemployment rate.
- The Town of Murfreesboro lacks manufacturing, but is big on the small retail community.
- The Town’s occupancy rates are approximately 95% and continue to be stable in that regard.

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

**Governmental Activities:** Property taxes and revenues from permits and fees are expected to remain relatively consistent with this fiscal year's actual results.

The Ad Valorem tax rate for fiscal year 2019-2020 is hereby set at 0.66 cents per \$100 valuation.

Budgeted expenditures in the General Fund are expected to rise approximately 3% to \$1,979,692. The largest increments are in employee compensation, including compensation and benefits adjustments.

**Business – type Activities:** The water and sewer rates remain the same as the previous year.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Administrator, Town of Murfreesboro, P.O. Box 6, Murfreesboro, NC 27855.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

	<b>Primary Government</b>		<b>Totals</b>
	<b>Governmental</b>	<b>Business-type</b>	<b>June 30,</b>
	<b>Activities</b>	<b>Activities</b>	<b>2019</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,092,240	\$ 735,372	\$ 1,827,612
Taxes receivable (net)	70,202	-	70,202
Accrued interest receivable on taxes	13,575	-	13,575
Accounts receivable (net)	278,865	101,674	380,539
Due from other governments	-	30,311	30,311
Internal balances	35,719	(35,719)	-
Inventories	23,733	-	23,733
Total current assets	<u>1,514,334</u>	<u>831,638</u>	<u>2,345,972</u>
Non-current assets:			
Capital assets			
Land, non-depreciable improvements and construction in progress	124,128	882,432	1,006,560
Other capital assets, net of depreciation	1,067,644	5,575,156	6,642,800
Total capital assets	<u>1,191,772</u>	<u>6,457,588</u>	<u>7,649,360</u>
Total assets	<u>2,706,106</u>	<u>7,289,226</u>	<u>9,995,332</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	223,405	69,314	292,719
Total deferred outflows of resources	<u>223,405</u>	<u>69,314</u>	<u>292,719</u>
<b>LIABILITIES:</b>			
Current liabilities			
Accounts payable	32,189	19,378	51,567
Accrued interest payable	-	27,779	27,779
Customer deposits	-	117,055	117,055
Current portion of long-term liability	-	261,838	261,838
Compensated absences payable	37,533	28,515	66,048
Long-term liabilities			
Net pension liability	139,010	108,900	247,910
Total pension liability -LEO	407,129	-	407,129
Due in more than one year	-	1,757,596	1,757,596
Total liabilities	<u>615,861</u>	<u>2,321,061</u>	<u>2,936,922</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	19,095	5,006	24,101
Total deferred inflows of resources	<u>19,095</u>	<u>5,006</u>	<u>24,101</u>
<b>NET POSITION:</b>			
Net investment in capital assets	1,191,772	4,438,154	5,629,926
Restricted for			
Stablization by State Statue	377,804	-	377,804
General government	23,733	-	23,733
Unrestricted	<u>701,246</u>	<u>594,319</u>	<u>1,295,565</u>
Total net position	<u>\$ 2,294,555</u>	<u>\$ 5,032,473</u>	<u>\$ 7,327,028</u>

**Town of Murfreesboro, 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		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
Governmental Activities:							
General government	\$ 422,448	\$ 12,080	\$ -	\$ -	\$ (410,368)	\$ -	\$ (410,368)
Public safety	989,184	25,308	40,373	28,953	(894,550)	-	(894,550)
Transportation	137,418		91,794	-	(45,624)	-	(45,624)
Environmental protection	315,391	284,889	-	-	(30,502)	-	(30,502)
Culture and recreation	108,775	-	-	-	(108,775)	-	(108,775)
Interest on long-term debt	457	-	-	-	(457)	-	(457)
Total governmental activities	1,973,673	322,277	132,167	28,953	(1,490,276)	-	(1,490,276)
Business-type activities:							
Water and sewer	1,324,937	1,336,823	-	-	-	11,886	11,886
	1,324,937	1,336,823	-	-		11,886	11,886
Total primary government	\$ 3,298,610	\$ 1,659,100	\$ 132,167	\$ 28,953	(1,490,276)	11,886	(1,478,390)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					944,015	-	944,015
Local option sales tax					787,290	-	787,290
Other taxes					595	-	595
Unrestricted investment earnings					7,249	4,500	11,749
Miscellaneous					239,568	-	239,568
Total general revenues and special items					1,978,717	4,500	1,983,217
Change in net position					488,441	16,386	504,827
Net position, beginning, previously reported					1,862,998	5,025,536	6,888,534
Restatement					(56,884)	(9,449)	(66,333)
Net position, beginning, restated					1,806,114	5,016,087	6,822,201
Net position, ending					\$ 2,294,555	\$ 5,032,473	\$ 7,327,028

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

**FUND FINANCIAL STATEMENTS**

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

	<u>General</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,092,240	\$ -	\$ 1,092,240
Receivables, net:			
Taxes	70,202	-	70,202
Accounts	255,570	-	255,570
Refuse	23,295	-	23,295
Due from other funds	98,939	-	98,939
Inventories	23,733	-	23,733
	<u>1,563,979</u>	<u>-</u>	<u>1,563,979</u>
Total assets			
	<u>1,563,979</u>	<u>-</u>	<u>1,563,979</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	32,189	-	32,189
Due to other funds	45,550	17,670	63,220
	<u>77,739</u>	<u>17,670</u>	<u>95,409</u>
Total Liabilities			
	<u>77,739</u>	<u>17,670</u>	<u>95,409</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes receivable	70,202	-	70,202
Total deferred inflows of resources	70,202	-	70,202
	<u>70,202</u>	<u>-</u>	<u>70,202</u>
<b>FUND BALANCES</b>			
Non Spendable			
Inventories	23,733	-	23,733
Prepays items	-	-	-
Restricted			
Stablization by State Statue	377,804	-	377,804
Unassigned	1,014,501	(17,670)	996,831
	<u>1,416,038</u>	<u>(17,670)</u>	<u>1,398,368</u>
Total Fund Balances			
	<u>1,416,038</u>	<u>(17,670)</u>	<u>1,398,368</u>
Total Liabilities, deferred inflows of resouces and fund balances	<u>\$ 1,563,979</u>	<u>\$ -</u>	<u>\$ 1,563,979</u>

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

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

**Exhibit 3**

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

Total Fund Balance, Governmental Funds (Exhibit 3)	1,398,368
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	1,191,772
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	223,405
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred in the funds	13,575
Liabilities for earned revenues considered deferred inflows of resources in fund statements.	70,202
Pension related deferrals	(19,095)
Net pension liability	(139,010)
Total pension liability	(407,129)
Other liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the fund statements	(37,533)
Net position of governmental activities	\$ 2,294,555

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

**Town of Murfreesboro, 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 Non-Major Funds</u>	
<b>REVENUES</b>			
Ad valorem taxes	\$ 918,811	\$ -	\$ 918,811
Other taxes and licenses	595	-	595
Restricted intergovernmental revenues	148,234	186,686	334,920
Unrestricted intergovernmental revenues	600,604	-	600,604
Permits and fees	90	-	90
Sales and service	331,862	-	331,862
Investment earnings	11,079	-	11,079
Miscellaneous	237,108	-	237,108
Total revenues	<u>2,248,383</u>	<u>186,686</u>	<u>2,435,069</u>
<b>EXPENDITURES</b>			
Current:			
General government	393,879	-	393,879
Public safety	992,548	-	992,548
Transportation	112,740	-	112,740
Environmental protection	306,128	-	306,128
Culture and recreation	108,775	-	108,775
Debt service:			
Principal	9,452	-	9,452
Interest and other charges	457	-	457
Total expenditures	<u>1,923,979</u>	<u>-</u>	<u>1,923,979</u>
Net change in fund balance	324,404	186,686	511,090
Fund balances, beginning, as previously reported	1,091,634	(147,472)	944,162
Prior period adjustment (Note III. D.)	-	(56,884)	(56,884)
Fund Balances, beginning as restated	<u>1,091,634</u>	<u>(204,356)</u>	<u>887,278</u>
Fund balances, ending	<u>\$ 1,416,038</u>	<u>\$ (17,670)</u>	<u>\$ 1,398,368</u>

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

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

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

Net changes in fund balances - total governmental funds (Exhibit 4)	\$	511,090
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlay expenditures which were capitalized	74,654	
Depreciation expense for governmental assets	(150,987)	
Net book value of assets disposed of during the year	-	(76,333)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		39,044
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position financial resources are not reported as revenues in the funds		36,983
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Changes in unavailable revenue for tax revenues		51,325
<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 any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on long-term debt	9,452	
(Increase) decrease in accrued interest	-	9,452
<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>		
Pension expense	(45,587)	
Compensated absences	(37,533)	(83,120)
Total changes in net position of governmental activities	\$	488,441

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

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

	General Fund			Variance Favorable (Unfavorable)
	Original	Budget	Actual	
Revenues:				
Ad valorem taxes	\$ 880,078	\$ 880,078	\$ 918,811	\$ 38,733
Other taxes and licenses	-	-	595	595
Restricted intergovernmental revenues	132,743	132,743	148,234	15,491
Unrestricted intergovernmental revenues	568,080	568,080	600,604	32,524
Permits and fees	-	-	90	90
Sales and services	308,000	308,000	331,862	23,862
Investment earnings	4,000	4,000	11,079	7,079
Miscellaneous	59,790	59,790	237,108	177,318
Total revenues	<u>1,952,691</u>	<u>1,952,691</u>	<u>2,248,383</u>	<u>295,692</u>
Expenditures:				
Current:				
General government	417,323	417,323	393,879	23,444
Public safety	999,778	999,778	992,548	7,230
Transportation	158,790	158,790	112,740	46,050
Environmental protection	309,900	309,900	306,128	3,772
Culture and recreation	110,149	110,149	108,775	1,374
Debt service:				
Principal retirement	9,492	9,492	9,452	40
Interest and other charges	496	496	457	39
Total expenditures	<u>2,005,928</u>	<u>2,005,928</u>	<u>1,923,979</u>	<u>81,949</u>
Revenues over (under) expenditures	(53,237)	(53,237)	324,404	377,641
Other financing sources (uses)				
Appropriated fund balance	53,237	53,237	-	(53,237)
Total other financing sources (uses)	<u>53,237</u>	<u>53,237</u>	<u>-</u>	<u>(53,237)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	324,404	<u>\$ 324,404</u>
Fund balances, beginning			<u>1,091,634</u>	
Fund balances, ending			<u>\$ 1,416,038</u>	

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

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

	<b>Enterprise Funds</b>	
	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$ 735,372	\$ 735,372
Accounts receivable (net) billed	101,674	101,674
Due from other governments	30,311	30,311
Due from other funds	107	107
Total current assets	<u>867,464</u>	<u>867,464</u>
Noncurrent assets:		
Capital assets		
Land and other non-depreciable assets	882,432	882,432
Other capital assets net of depreciation	5,575,156	5,575,156
Capital assets	<u>6,457,588</u>	<u>6,457,588</u>
Total non-current assets	<u>6,457,588</u>	<u>6,457,588</u>
Total assets	<u><u>7,325,052</u></u>	<u><u>7,325,052</u></u>
<b>DEFERRED OUTFLOW OF RESOURCES:</b>		
Pension deferrals	<u>69,314.00</u>	<u>69,314.00</u>
Total deferred outflows of resources	<u>69,314.00</u>	<u>69,314.00</u>
<b>LIABILITIES:</b>		
Current liabilities		
Accounts payable and accrued liabilities	47,157.00	47,157.00
Customer deposits	117,055	117,055
Due to other funds	35,826	35,826
Compensated absences	28,515	28,515
General obligation bonds payable-current	8,000	8,000
Installment purchase payable-current	<u>253,838</u>	<u>253,838</u>
Total current liabilities	<u>490,391</u>	<u>490,391</u>
Noncurrent liabilities:		
Net pension liability	108,900	108,900
General obligation bonds	8,000	8,000
Installment purchase payable	<u>1,749,596</u>	<u>1,749,596</u>
Total noncurrent liabilities	<u>1,866,496</u>	<u>1,866,496</u>
Total liabilities	<u>2,356,887</u>	<u>2,356,887</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Pension deferrals	<u>5,006</u>	<u>5,006</u>
<b>NET POSITION</b>		
Net investment in capital asset	4,438,154	4,438,154
Unrestricted	<u>594,319</u>	<u>594,319</u>
Total net position	<u><u>\$ 5,032,473</u></u>	<u><u>\$ 5,032,473</u></u>

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

**Town of Murfreesboro, North Carolina**  
**Statement of Revenues, Expenses,**  
**And Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Enterprise Funds</b>	
	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 1,300,866	\$ 1,300,866
Water and sewer taps and connection fees	2,000	2,000
Reconnection fees, late charges	910	910
Other operating revenues	33,047	33,047
<b>Total operating revenues</b>	<b>1,336,823</b>	<b>1,336,823</b>
<b>OPERATING EXPENSES:</b>		
Water treatment and distribution	570,411	570,411
Waste collection and treatment	235,284	235,284
Wastewater treatment plant	245,455	245,455
Depreciation	221,972	221,972
<b>Total operating expenses</b>	<b>1,273,122</b>	<b>1,273,122</b>
<b>Operating income (loss)</b>	<b>63,701</b>	<b>63,701</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings	4,500	4,500
Interest and other charges	(51,815)	(51,815)
<b>Total nonoperating revenues (expenses)</b>	<b>(47,315)</b>	<b>(47,315)</b>
<b>Change in net position</b>	<b>16,386</b>	<b>16,386</b>
<b>Total net position, previously reported</b>	<b>5,025,536</b>	<b>5,025,536</b>
<b>Prior period adjustment</b>	<b>(9,449)</b>	<b>(9,449)</b>
<b>Beginning net position, restated</b>	<b>5,016,087</b>	<b>5,016,087</b>
<b>Total net position, ending</b>	<b>\$ 5,032,473</b>	<b>\$ 5,032,473</b>

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

**Town of Murfreesboro, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Enterprise Funds</b>	
	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 1,320,442	\$ 1,320,442
Cash paid for goods and services	(373,827)	(373,827)
Cash paid to or on behalf of employees for services	(645,573)	(645,573)
Customer deposits received - net	43,918	43,918
Net cash provided (used) by operating activities	<u>344,960</u>	<u>344,960</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Due (to) from other funds	(29,709)	(29,709)
Total cash flows from noncapital financing activities	<u>(29,709)</u>	<u>(29,709)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal paid on bond maturities and equipment contracts	(290,110)	(290,110)
Interest paid on bond maturities and equipment contracts	(51,815)	(51,815)
Net cash provided (used) for capital and related financing activities	<u>(341,925)</u>	<u>(341,925)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	4,500	4,500
Net cash flows from investing activities	<u>4,500</u>	<u>4,500</u>
Net increase (decrease) in cash and cash equivalents	(22,174)	(22,174)
Balances, beginning	<u>757,546</u>	<u>757,546</u>
Balances, ending	<u>\$ 735,372</u>	<u>\$ 735,372</u>

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

**Town of Murfreesboro, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2019**

	<b>Enterprise Funds</b>	
	<b>Water and Sewer Fund</b>	<b>Total</b>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 63,701	\$ 63,701
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	221,972	221,972
Pension expense	31,821	31,821
Change in assets, deferred outflows of resources and liabilities:		
Increase in accounts receivable	(16,381)	(16,381)
Decrease in accounts payable & accrued liabilities	10,361	10,361
Increase in customer deposits	12,565	12,565
Decrease in current portion of bonds payable	(7,648)	(7,648)
Increase in pension liability	45,190	45,190
Decrease in deferred inflows of resources for pensions	(4,512)	(4,512)
Increase in deferred outflows of resources for pensions	(8,928)	(8,928)
Increase in accrued vacation pay	(3,181)	(3,181)
Total adjustments	281,259	281,259
Net cash provided by operating activities	<u>\$ 344,960</u>	<u>\$ 344,960</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**Town of Murfreesboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Murfreesboro and its discretely presented component unit 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 Murfreesboro 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 Town and its component unit, a legally-separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Town of Murfreesboro Tourism Development Authority

The members of the Tourism Development Authority's governing board are appointed by the Town. The Tourism Development Authority Board, which has a June 30 year-end, is presented as if it were a governmental fund. The Tourism Development Authority adopted a zero budget for the fiscal year ending June 30, 2019 and repealed the occupancy tax due to insufficient revenues to continue operations. Complete financial statements for the Tourism Development Authority Board may be obtained from the entity's administrative offices at the Town of Murfreesboro Tourism Development Authority Board, PO Box 6, Town of Murfreesboro, NC 27855-006.

B. Basis of Presentation

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

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

**Town of Murfreesboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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

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

The Town reports the following major governmental fund:

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

The Town reports the following non-major governmental fund:

**Well and King's Landing Special Revenue Fund.** This funds are used for the Town's Well and King's Landing operations. The Well projected ended at June 30, 2019.

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

*Government-wide and Proprietary Fund Financial Statements.* The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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.

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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 fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for 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 revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the 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 a shared revenue for the Town of Murfreesboro because the tax is levied by Hertford County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the

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program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Well and King's Landing Special Revenue Fund 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. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. During the year several amendments to the original budget were necessary. 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 of Murfreesboro are made in board-designated official depositories and are secured as required by State law [G. S. 159-31]. The Town and the Tourism Development Authority may designate, as an official depository, any bank or savings and loan association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

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

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments are essentially demand deposits and are

**Town of Murfreesboro, North Carolina**  
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considered cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4

<u>Town of Murfreesboro Restricted Cash</u>	
Governmental Activities	
General Fund	
Streets	\$ -
Total governmental activities	\$ -
Total restricted cash	\$ -

4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

The inventories of the Town and the Tourism Development Authority are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

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

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

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follows: land, \$20,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$20,000; infrastructure, \$20,000; equipment and furniture, \$5,000; and vehicles and motorized equipment, \$10,000; \$5,000 computer software and computer equipment \$500. Donated capital assets received after June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at the acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consists of the road network and water and sewer system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and system	30
Infrastructure	50
Equipment and furniture	10
Vehicles and motorized equipment	6
Computer equipment	3
Computer Software	5
Substations, lines and related equipment	40
Other improvements	25

8. Deferred Outflows/Inflows of Resources

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

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the

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applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

10. Compensated Absences

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

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

11. Net Position / Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications 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.

Inventories - portion of fund balance that is not an available resource because it represents the

**Town of Murfreesboro, North Carolina**  
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year-end balance of ending inventories, which are not spendable resources.

Prepaid Items – portion of fund balance that is not an available resource because it  
Represents year-end balance of prepayments for insurance.

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

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

## 12. Pensions

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

**Town of Murfreesboro, North Carolina**  
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**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Excess of Expenditures over Appropriations**

For the year ended June 30, 2019, the expenditures made in the Town's Water and Sewer Fund expenditures exceeded appropriations by \$25,562, \$23,307 and \$17,612 in the water treatment and distribution, wastewater treatment plant and debt service, respectively.

The Town also, did not make budget provisions made for its Capital projects (Well and King's Landing funds), in accordance with the provisions of 159-13.2.

Management and Board will more closely review the budget reports and budget appropriately, to ensure compliance in future years.

**III. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**1. Deposits**

All the deposits of the Town and the Tourism Development Authority 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 or the Tourism Development Authority agents in these unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the Tourism Development Authority, these deposits are considered to be held by the Town's and the Tourism Development Authority'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, and the Tourism Development Authority, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and the Tourism Development Authority under the Pooling Method, the potential exists for under-collateralization. This 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 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. The Tourism Development Authority has no formal policy regarding custodial credit risk for deposits.

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At June 30, 2019, the Town's deposits had a carrying amount of \$953,406 and a bank balance of \$998,340. Of this bank balance, \$256,702 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2019, the Town's petty cash fund totaled \$100.

2. Investments

At June 30, 2019, the Town of Murfreesboro had \$874,106 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables - Allowances for Doubtful Accounts

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

<b>General Fund:</b>			
Taxes Receivable	\$ 70,202		
Accrued Interest Receivable	13,575		
Account Receivable, net	278,865		
Total General Fund			362,642
<b>Enterprise Funds:</b>			
Service Receivable	198,440		
Less Allowance for Doubtful Accounts	(96,766)		
Other Receivables			
Due from other governments	30,311		
Total Enterprise Funds			131,985
<b>Total</b>			<b>\$ 494,627</b>

4. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b><u>Governmental activities</u></b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 124,128	\$ -	\$ -	\$ 124,128
Total assets not being depreciated	124,128	-	-	124,128

**Town of Murfreesboro, North Carolina**  
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<b>Capital assets being depreciated:</b>				
Buildings and improvements	1,487,692	-	-	1,487,692
Infrastructure	277,887	-	-	277,887
Computer Equipment	129,376	10,854	-	140,230
Equipment	721,623	7,059	-	728,682
Vehicles	<u>1,715,822</u>	<u>56,741</u>	-	<u>1,772,563</u>
Total capital assets being depreciated	<u>4,332,400</u>	<u>74,654</u>	-	<u>4,407,054</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	1,012,165	43,471	-	1,055,636
Infrastructure	112,815	9,263	-	122,078
Computer Equipment	112,381	5,177	-	117,558
Equipment	626,999	19,501	-	646,500
Vehicles	<u>1,324,064</u>	<u>73,574</u>	-	<u>1,397,638</u>
Total accumulated depreciation	<u>3,188,424</u>	<u>\$ 150,986</u>	<u>\$ -</u>	<u>3,339,410</u>
Total capital assets being depreciated, net	<u>1,143,976</u>			<u>1,067,644</u>
<b>Government activity capital assets, net</b>	<u>\$ 1,268,104</u>			<u>\$ 1,191,772</u>

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

General government	\$ 43,471
Public Safety	73,574
Transportation	24,675
Environmental	<u>9,263</u>
Total depreciation expense	<u>\$ 150,986</u>

Business-type activities:

<u>Business-type activities</u>	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Capital assets not being depreciated:</b>				
Construction in Progress	\$ -	\$ -	\$ -	\$ -
Land	<u>882,432</u>	<u>-</u>	<u>-</u>	<u>882,432</u>
Total assets not being depreciated	<u>882,432</u>	<u>-</u>	<u>-</u>	<u>882,432</u>

**Town of Murfreesboro, North Carolina**  
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**Capital Assets being depreciated:**

Plant and distribution systems	8,913,991	-	-	8,913,991
Equipment	661,885	47,565	-	709,450
Vehicles	<u>82,801</u>	<u>-</u>	<u>-</u>	<u>82,801</u>
Total capital assets being depreciated	<u>9,658,677</u>	<u>47,565</u>	<u>-</u>	<u>9,706,242</u>

**Less accumulated depreciation for:**

Plant and distribution systems	3,414,858	164,861	-	3,579,719
Equipment	441,152	50,071	-	491,223
Vehicles	<u>53,104</u>	<u>7,040</u>	<u>-</u>	<u>60,144</u>
Total accumulated depreciation	<u>3,909,114</u>	<u>\$ 221,972</u>	<u>\$ -</u>	<u>4,131,086</u>
Total capital assets being depreciated, net	<u>5,749,563</u>			<u>5,575,156</u>

**Business-type activities capital assets, net**

<u>\$ 6,631,995</u>	<u>\$ 6,457,588</u>
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**B. Liabilities**

1. Pension Plan Postemployment Obligations

a. Local Governmental Employees' Retirement System

*Plan Description.* The Town of Murfreesboro 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 provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with

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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 Murfreesboro 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 Murfreesboro'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 and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Murfreesboro were \$69,631 for the year ended June 30, 2019.

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

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***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 \$247,910 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 0.01045%, which was an increase of 0.00069% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$72,439. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 38,247	\$ 1,283
Changes of assumptions	65,786	-
Net difference between projected and actual earnings on pension plan investments	34,031	-
Changes in proportion and differences between the Town contributions and proportionate share of contributions	19,728	10,114
Town contributions subsequent to the measurement date	<u>69,631</u>	<u>-</u>
Total	<u>\$ 227,423</u>	<u>\$ 11,397</u>

\$69,631 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:

<b>Year ended June 30:</b>	
2020	\$ 64,122
2021	46,074
2022	11,506
2023	24,693
2024	-
Thereafter	-

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*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 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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

**Town of Murfreesboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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 7.20%. 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 7.20 percent, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	<b>1% Decrease <u>(6.20%)</u></b>	<b>Discount Rate <u>(7.20%)</u></b>	<b>1% Increase <u>(8.20%)</u></b>
The Town’s proportionate share of the net pension liability (asset)	595,501	247,910	(42,543)

*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 Murfreesboro 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. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

**Town of Murfreesboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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All full time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>7</u>
Total	<u><u>9</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 such 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, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent	
Salary increases	3.50 to 7.35 percent, including inflation productivity factor	
Discount rate	3.64 percent	

The discount rate used to measure the TPL is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

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 benefit payments 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

**Town of Murfreesboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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earnings. The Town paid \$36,983 as benefits came due for the reporting period.

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

At June 30, 2019, the Town reported a liability of \$407,129. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$38,044.

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 55,530	\$ -
Changes of assumptions	9,766	12,704
Town benefit payment and plan administrative Expense made subsequent to the measurement date	-	-
Total	\$ 65,296	\$ 12,704

\$0 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2020	\$ 15,036
2021	15,036
2022	15,036
2023	7,484
2024	-
Thereafter	-

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent town's total pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

**Town of Murfreesboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

	<u>1% Decrease</u> <u>(2.64%)</u>	<u>Discount Rate</u> <u>(3.64%)</u>	<u>1% Increase</u> <u>(4.64%)</u>
Total pension liability	431,859	407,129	384,240

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

	<b>2019</b>
Beginning balance	\$ 374,972
Service Cost	10,743
Interest on the total pension liability	11,265
Changes of benefit terms	-
Differences between expected and actual experience	58,766
Changes in assumptions or other inputs	(11,634)
Benefit payments	(36,983)
Other changes	-
Ending balance of the total pension liability	\$ 407,129

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

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

***Total Expenses, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions.***

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 72,439	\$ 38,044	\$110,483
Pension Liability	247,910	407,129	655,039
Proportionate share of the net pension liability	0.01045%	n/a	
 Deferred of Outflows of Resources			
Difference between expected and actual experience	38,247	55,530	73,777
Changes of assumptions	65,786	9,766	75,552
Net difference between projected and actual earnings on plan investments	34,031	-	34,031

**Town of Murfreesboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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Changes in proportion and differences between contributions and proportionate share of contributions	19,728	-	19728
Benefit payments and administrative costs paid subsequent to the measurement date	-	-	-
<b>Deferred of Inflows of Resources</b>			
Differences between expected and actual experience	1,283	-	1,283
Changes of assumptions	-	12,704	12,704
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	10,114	-	10,114

c. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699- 1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of 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 \$26,887, which consisted of \$19,607 from the Town and \$7,280 from the law enforcement officers.

The Town has elected to contribute to the Supplemental Retirement Income Plan for general employees as well as for law enforcement officers. The Town’s contribution for general employees for the year ended June 30, 2019 were \$14,188, which consisted of \$3,127 from the Town and \$11,061 from the employees.

**Town of Murfreesboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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2. Other Employment Benefit

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

For the fiscal year ended June 30, 2019, the Town made contributions to the State for death benefits of \$0. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively.

3. Deferred Outflows and Inflows of Resources

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

	Amount
Contributions to pension plan in fiscal year	\$ 69,631
Benefit payments and administrative expenses for LEOSSA	
Differences between expected and actual experience	93,777
Changes of assumptions	75,552
Net difference between projected and actual	34,031
Changes in proportion and differences between employer contributions and proportionate share of contributions	<u>19,728</u>
Total	<u>\$ 292,719</u>

**Town of Murfreesboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ -	\$ -
Prepaid licenses (General Fund)	-	-
Taxes Receivable, less penalties (General Fund)	-	70,202
Pension deferrals	24,101	-
Total	\$ 24,101	\$ 70,202

**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. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The Town of Murfreesboro carries flood insurance through the Interlocal Risk Financing Fund of North Carolina with a limit of \$2,500,000 per single occurrence.

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 bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$30,000.

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

According to the Town's attorney, there are no suits pending against the Town that would materially affect the financial statements as of June 30, 2019.

**Town of Murfreesboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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6. Long-Term Obligations

a. Installment Purchase Agreements

In March 2004, the Town entered into a direct placement contract with BB & T bank for \$500,000 to finance the purchase of land. The contract requires fifteen annual installments of \$33,333 plus interest of 4.29%, maturing in March 2019. The purchase contract collateralized by the land has outstanding balance at June 30, 2019 of \$0.

In June 2007, the Town entered into a direct placement contract to finance improvements to the Town’s Wastewater Treatment Plant through bond issue in the amount of \$4,373,992. The contract requires annual installments of \$218,700 plus interest at 2.10%, maturing in May 2028. The placement contract collateralized by the Wastewater plant has outstanding balance at June 30, 2019 of \$1,968,296.

In June 2018, the Town entered into a direct placement contract to finance equipment. The placement contract collateralized by the equipment is financed with PNC Bank, and requires annual installments of \$39,376.08 including interest at 3.490%, maturing June 1, 2020. A portion of the debt service is allocated to the general fund. The outstanding balance at June 30, 2019 was \$35,138.

b. General Obligation Indebtedness

The Town’s 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.

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

General Obligation Note Payable

Serviced by the Water and Sewer Fund:

\$300,000 1983 Series A Sanitary Sewer Bonds due in increasing annual installments through 2019 plus interest at 5 percent	\$ -
\$150,000 1983 Series A Sanitary Sewer Bonds due in increasing annual installments through 2021 plus interest at 5 percent	16,000
Total	\$ 16,000

**Town of Murfreesboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

Annual debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Business-type activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	8,000	800
2021	8,000	400
Total	<u>\$ 16,000</u>	<u>\$ 1,200</u>

The outstanding balance at June 30, 2019 was \$16,000.

Total annual debt service payments of the installment purchases and general obligation as of June 30, 2019 were as follows:

<u>Year-Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	-	-	261,838	43,011
2021	-	-	226,700	37,142
2022	-	-	218,700	32,149
2023	-	-	218,700	27,556
2024	-	-	218,700	22,964
2025-2029	-	-	<u>874,796</u>	<u>45,926</u>
Total	\$ -	\$ -	\$ 2,019,434	\$ 208,748

At June 30, 2019, the Town of Murfreesboro, North Carolina had a legal debt margin of \$8,743,894.

**c. Changes in Long-Term Liabilities**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 34,310	\$ 3,223	\$ -	\$ 37,533	\$ 37,533
Net pension liability(LGERS)	85,396	53,614	-	139,010	-
Total pension Liability	<u>374,972</u>	<u>32,157</u>	<u>-</u>	<u>407,129</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 494,678</u>	<u>\$ 88,994</u>	<u>\$ -</u>	<u>\$ 583,672</u>	<u>\$ 37,533</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 31,696	\$ -	\$ 3,181	\$ 28,515	\$ 28,515
Net pension liability(LGERS)	63,710	45,190	-	108,900	-
General obligation bonds	24,000	-	8,000	16,000	8,000
Installment purchases	2,294,996	-	291,562	2,003,434	253,838
Business-type activity long-term liabilities	<u>\$ 2,414,402</u>	<u>\$ 45,190</u>	<u>\$ 302,743</u>	<u>\$ 2,156,849</u>	<u>\$ 290,353</u>

The LGERS plan had a net pension liability as of June 30, 2019.

**Town of Murfreesboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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C. Interfund Balances and Activity

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

Due to the General Fund from:	
Water and Sewer fund for Refuse Collection and transfers	\$ 35,719
Due from Water and Sewer Fund:	
for Refuse Collection	\$ 35,719

Due to/from in the General Fund represents due from Water/Sewer for garbage, fuel and health insurance paid on behalf of Water/Sewer. Amounts of \$35,719 represents amounts due to the General fund for debt service on the Well and King’s Landing Project.

Due to/from in the Water/Sewer fund of \$35,719 represents, amounts due from General Fund for refuse collections. The amounts were all paid subsequent to the fiscal end in July 2019. The amount of \$17,670 shown on exhibit 3 was a repayment to the General Fund for expenses incurred by the Well program. The Well Fund ended June 30, 2019.

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

D. Prior Period Adjustment

During the fiscal year the Town determined that certain debt liabilities and reversal error adjustments were not recorded at June 30, 2018. These entries to the Water and Sewer and Governmental funds had been omitted. An adjustment to beginning fund balance had been recorded to account for the allocation. The net effect is a decrease of \$66,333 to the fund balance.

E. 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	\$ 1,416,038
Less:	
Inventories	23,733
Stabilization by State Statute	377,804
Streets-Powell Bill	-
Prepaid items	-
Remaining Fund Balance	1,014,501

**Town of Murfreesboro, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2019**

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**IV. JOINTLY GOVERNED ORGANIZATION**

The Town, in conjunction with five counties and thirty-two other municipalities established the Mid-East Commission. The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's governing board. The Town paid membership fees of \$550 to the Commission during the fiscal year ended June 30, 2019.

**V. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies 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 monies.

**VI. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS**

The company has evaluated events and transactions that occurred between June 30, 2019 and May 25, 2020, which is the date the financial statements were available to be issued, for possible recognitions or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Town of Murfreesboro, North Carolina**  
**Town of Murfreesboro'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>
Murfreesboro's proportionate share of the net pension liability (asset) (%)	0.0105%	0.9760%	0.01312%	0.01520%	0.01710%	-0.01942%
Murfreesboro's proportionate share of the net pension liability (asset) (\$)	247,910	149,106	278,450	68,217	206,121	(114,529)
Murfreesboro's covered-employee payroll	1,123,777	1,051,137	950,278	990,357	1,145,374	1,060,798
Murfreesboro's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	22.06%	14.19%	29.30%	6.89%	18.00%	-10.80%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**Town of Murfreesboro, North Carolina  
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	\$ 69,631	\$ 68,654	\$ 66,453	\$ 65,051	\$ 71,162	\$ 81,889
Contributions in relation to the contractually required contribution	69,631	68,654	66,453	65,051	71,162	81,889
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Murfreesboro's covered-employee payroll	\$ 1,058,371	\$ 1,123,777	\$ 1,051,137	\$ 950,278	\$ 990,357	\$ 1,145,374
Contributions as a percentage of covered-employee payroll	6.58%	6.11%	6.32%	6.85%	7.19%	7.15%

**Town of Murfreesboro, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2019**

	<b>2019</b>	<b>2018</b>	<b>2017</b>
Beginning balance	\$ 374,972	\$ 326,254	\$ 311,415
Service Cost	10,743	8,707	10,615
Interest on the total pension liability	11,265	12,518	11,118
Changes of benefit terms			
Difference between expected and actual experience in the measurement of the total pension liability	-	-	-
	58,766	15,166	-
Changes of assumptions or other inputs	(11,634)	16,212	(6,894)
Benefit payments	(36,983)	(3,885)	-
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 407,129</u>	<u>\$ 374,972</u>	<u>\$ 326,254</u>

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

**Town of Murfreesboro, 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	\$ 407,129	\$ 374,972	\$ 326,254
Covered payroll	344,153	338,564	376,216
Total pension liability as a percentage of covered payroll	118.30%	110.75%	86.72%

Notes to the schedules:

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

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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

	2019		VARIANCE POSITIVE (NEGATIVE)	2018
	BUDGET	ACTUAL		ACTUAL
Revenues				
Ad valorem taxes				
Taxes	\$ 876,578	\$ 914,290	\$ 37,712	\$ 907,758
Penalties and interest	3,500	4,521	1,021	3,033
Total	880,078	918,811	38,733	910,791
Other taxes and licenses:				
Privilege licenses	-	595	595	480
Total	-	595	595	480
Unrestricted intergovernmental				
Local option tax	371,580	403,906	32,326	386,193
Beer and wine tax	14,000	14,514	514	13,903
Utility franchise tax	175,000	175,445	445	174,283
ABC profit distribution	7,500	6,739	(761)	8,269
Total	568,080	600,604	32,524	582,648
Restricted intergovernmental				
Powell Bill allocation	90,000	91,794	1,794	90,014
Fire grant	-	14,487	14,487	81,818
Rural fire protection calls	34,743	28,953	(5,790)	35,818
Recreation grant	8,000	13,000	5,000	10,000
Total	132,743	148,234	15,491	217,650
Permits and fees				
Zoning fees, permits	-	90	90	135
Total	-	90	90	135
Sales and Services				
Gasoline Tax Refund	9,000	8,823	(177)	13,033
Recreation fees	5,000	762	(4,238)	2,955
Cemetery	1,500	2,460	960	2,170
Refuse collection fees	275,000	284,889	9,889	286,117
Jail fees, parking tickets	800	1,337	537	949
Fire fees, per call	10,000	23,971	13,971	16,150
Rents and concessions	6,700	9,620	2,920	6,470
Total	308,000	331,862	23,862	327,914
Investment earnings				
Total	4,000	11,079	7,079	8,594
	4,000	11,079	7,079	8,594

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

	2019		VARIANCE POSITIVE (NEGATIVE)	2018
	BUDGET	ACTUAL		ACTUAL
Miscellaneous				
Private donations	-	3,830	3,830	1,450
Other	59,790	233,278	173,488	8,257
Total	<u>59,790</u>	<u>237,108</u>	<u>177,318</u>	<u>9,707</u>
Total revenues	<u>1,952,691</u>	<u>2,248,383</u>	<u>295,692</u>	<u>2,057,919</u>
<b>EXPENDITURES</b>				
<b>General Government</b>				
<b>Governing Body</b>				
Salaries and employee benefits	21,315	21,584	(269)	21,315
Operating Expenses	21,226	13,505	7,721	25,812
Total	<u>42,541</u>	<u>35,089</u>	<u>7,452</u>	<u>47,127</u>
<b>Administration</b>				
Salaries and employee benefits	138,223	132,059	6,164	125,036
Operating expenditures	27,290	31,871	(4,581)	30,643
Insurance, workmen's compensation	3,012	4,223	(1,211)	4,928
Tax collection	33,595	29,679	3,916	20,333
Professional Services	22,500	18,639	3,861	15,151
Capital outlay	1,943	1,943	-	20,809
Total	<u>226,563</u>	<u>218,414</u>	<u>8,149</u>	<u>216,900</u>
<b>Public Buildings</b>				
Salaries and employee benefits	45,210	36,891	8,319	38,862
Operating expenses	75,959	75,117	842	27,920
Utilities	27,050	28,368	(1,318)	33,919
Capital outlay	-	-	-	27,998
Total	<u>148,219</u>	<u>140,376</u>	<u>7,843</u>	<u>128,699</u>
Total general government	<u>417,323</u>	<u>393,879</u>	<u>23,444</u>	<u>392,726</u>
<b>Public Safety</b>				
<b>Police</b>				
Salaries and employee benefits	617,011	614,553	2,458	680,505
Operating Expenditures	96,680	98,155	(1,475)	88,435
Capital Outlay	64,193	63,710	483	52,517
Total	<u>777,884</u>	<u>776,418</u>	<u>1,466</u>	<u>821,457</u>

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

	2019		VARIANCE POSITIVE (NEGATIVE)	2018
	BUDGET	ACTUAL		ACTUAL
Communications				
Salaries and employee benefits	60,601	59,680	921	50,643
Operating expenses	40,669	40,669	-	40,669
Total	101,270	100,349	921	91,312
Fire				
Professional services and benefits	37,213	30,665	6,548	31,220
Operating expenses	72,920	76,114	(3,194)	43,429
Capital outlay	10,491	9,002	1,489	112,913
Total	120,624	115,781	4,843	187,562
Total public safety	999,778	992,548	7,230	1,100,331
Transportation				
Streets and Powell Bill:				
Operating expenses	124,290	84,311	39,979	300,967
Utilities	27,500	28,429	(929)	27,039
Total	158,790	112,740	46,050	328,006
Garage:				
Operating expenses	-	-	-	-
Total	-	-	-	-
Total transportation and utilities	158,790	112,740	46,050	328,006
Environmental Protection				
Solid waste:				
Tipping fees	62,000	64,370	(2,370)	60,967
Contracted services	231,000	218,478	12,522	198,076
Operating expenditures	2,000	9,220	(7,220)	140
Total	295,000	292,068	2,932	259,183
Cemetery:				
Operating expenses	14,900	14,060	840	4,640
Total environmental protection	309,900	306,128	3,772	263,823

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

	2019		VARIANCE POSITIVE (NEGATIVE)	2018
	BUDGET	ACTUAL		ACTUAL
Culture and recreation:				
Parks and recreation:				
Salaries and employee benefits	173	173	-	-
Operating Expenditures	15,810	14,436	1,374	16,256
Total	<u>15,983</u>	<u>14,609</u>	<u>1,374</u>	<u>16,256</u>
Other:				
Donation to Albemarle Library	94,166	94,166	-	90,000
Total Culture and Recreation	<u>110,149</u>	<u>108,775</u>	<u>1,374</u>	<u>106,256</u>
Debt Service:				
Principal retirement	9,492	9,452	40	9,424
Interest and other charges	496	457	39	800
Total debt service	<u>9,988</u>	<u>9,909</u>	<u>79</u>	<u>10,224</u>
Contingency	-	-	-	-
Total expenditures	<u>2,005,928</u>	<u>1,923,979</u>	<u>81,949</u>	<u>2,201,366</u>
Revenues over (under) expenditures	<u>(53,237)</u>	<u>324,404</u>	<u>377,641</u>	<u>(143,447)</u>
Other Financing Sources (uses)				
Fund Balance Appropriated	53,237	-	(53,237)	-
Total other financing sources (uses)	<u>53,237</u>	<u>-</u>	<u>(53,237)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>324,404</u>	<u>\$ 324,404</u>	<u>(143,447)</u>
Fund Balance, beginning as previously reported		1,091,634		1,235,179
Prior period adjustment		-		(98)
Fund Balances, beginning as restated		<u>1,091,634</u>		<u>1,235,081</u>
Fund Balance, ending		<u>\$ 1,416,038</u>		<u>\$ 1,091,634</u>

**Town of Murfreesboro, North Carolina  
Combining Balance Sheet  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2019**

	Well Project Fund	King's landing Project Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Accounts receivable	\$ -	\$ -	\$ -
Total assets	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities and fund balances</b>			
Liabilities:			
Due to other funds	<u>17,670</u>	<u>0</u>	<u>17,670</u>
Fund balances			
Unreserved	<u>(17,670)</u>	<u>-</u>	<u>(17,670)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Town of Murfreesboro, North Carolina  
Combining Statement of Revenues,  
Expenditures, and Changes in fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2019**

	Well Project Fund	King's landing Project Fund	Total Nonmajor Governmental Funds
Revenues			
Grant revenues	\$ 186,686	\$ -	\$ 186,686
Total revenues	186,686	-	186,686
Expenditures			
General government	-	-	-
Total Expenditures	-	-	-
Revenues over (under) Expenditures	186,686	-	186,686
Fund Balance			
Fund balance, as previously reported	(204,356)	56,884	(147,472)
Prior period adjustment	-	(56,884)	(56,884)
Beginning of year, restated	(204,356)	-	(204,356)
End of year, June 30	\$ (17,670)	\$ -	\$ (17,670)

**Town of Murfreesboro, North Carolina**  
**Schedule and Revenues and Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**Nonmajor Governmental Funds - Well Project**  
**For the Year Ended June 30, 2019**  
**(With Comparative Actual Totals for the Year Ended June 30, 2018)**

	2019		VARIANCE POSITIVE (NEGATIVE)	2018
	BUDGET	ACTUAL		ACTUAL
Revenue:				
Grant revenues	\$ -	\$ 186,686	\$ 186,686	\$ 191,716
Total	<u>-</u>	<u>186,686</u>	<u>186,686</u>	<u>191,716</u>
Expenditures:				
General government	-	-	-	392,407
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>392,407</u>
Revenues over (under) expenditures	<u>-</u>	<u>186,686</u>	<u>186,686</u>	<u>(200,691)</u>
Other financing sources (uses):				
Appropriated fund balance	-	-	-	-
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>186,686</u>	<u>186,686</u>	<u>(200,691)</u>
Fund balances:				
Beginning of year, restated		<u>(204,356)</u>		<u>(3,665)</u>
End of year, June 30		<u>\$ (17,670)</u>		<u>\$ (204,356)</u>

**Town of Murfreesboro, North Carolina**  
**Schedule of Revenues and Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**Nonmajor Governmental Funds - King's Landing Project**  
**For the Year Ended June 30, 2019**  
**(With Comparative Actual Totals for the Year Ended June 30, 2018)**

	2019		VARIANCE POSITIVE (NEGATIVE)	2018
	BUDGET	ACTUAL		ACTUAL
Revenue:				
Grant revenues	\$ -	\$ -	\$ -	\$ 137,700
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>137,700</u>
Expenditures:				
General government	-	-	-	80,816
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,816</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,884</u>
Other financing sources (uses):				
Appropriated fund balance	-	-	-	-
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>56,884</u>
Fund balances:				
Beginning of year, as previously reported		56,884		-
Prior period adjustment		(56,884)		-
Fund balance, beginning as restated		-		-
End of year, June 30		<u>\$ -</u>		<u>\$ 56,884</u>

**Town of Murfreesboro, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Year Ended June 30, 2019**  
**(With Comparative Actual Totals for the Year Ended June 30, 2018)**

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Charges for services	\$ 1,312,676	\$ 1,300,866	\$ (11,810)	\$ 1,325,800
Water and sewer taps & connection fees	4,000	2,000	(2,000)	5,000
Reconnection fees, late charges	500	910	410	810
Other operating revenues	5,000	33,047	28,047	54,859
Total operating revenues	1,322,176	1,336,823	14,647	1,386,469
Nonoperating revenues:				
Interest earnings	1,000	4,500	3,500	2,739
Total nonoperating revenues	1,000	4,500	3,500	2,739
Total revenues	1,323,176	1,341,323	18,147	1,389,208
Expenditures:				
Water treatment and distribution:				
Salaries and employee benefits	324,270	323,667	603	383,329
Utilities	40,000	40,737	(737)	34,750
Repairs and maintenance	65,663	55,666	9,997	46,883
Other departmental expenses	83,166	118,591	(35,425)	86,270
Total	513,099	538,661	(25,562)	551,232
Waste collection and treatment:				
Salaries and employee benefits	177,085	161,551	15,534	148,817
Utilities	15,000	18,937	(3,937)	16,232
Repairs and maintenance	8,000	11,711	(3,711)	4,796
Other departmental expenses	36,509	43,085	(6,576)	42,318
Total	236,594	235,284	1,310	212,163
Wastewater treatment plant:				
Salaries and employee benefits	132,309	160,355	(28,046)	143,669
Utilities	28,000	19,076	8,924	19,651
Repairs and maintenance	15,300	15,364	(64)	18,008
Other departmental expenses	42,039	37,703	4,336	41,864
Professional services	4,500	12,957	(8,457)	8,166
Total	222,148	245,455	(23,307)	231,358
Debt service:				
Interest fees	36,744	51,815	(15,071)	59,134
Principal retirement	287,569	290,110	(2,541)	312,366
Total debt service	324,313	341,925	(17,612)	371,500
Capital outlay	10,000	74,654	(64,654)	-
Total expenditures	1,306,154	1,435,979	(129,825)	1,366,253

**Town of Murfreesboro, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non - GAAP)**  
**For the Year Ended June 30, 2019**  
**(With Comparative Actual Totals for the Year Ended June 30, 2018)**

	2019		Variance Positive (Negative)	2018
	Budget	Actual		Actual
Revenues over (under) expenditures	17,022	(94,656)	(111,678)	22,955
Other financing sources (uses):				
Appropriated fund balance	(17,022)	-	17,022	-
Installment purchase proceeds	-	-	-	-
Total other financing sources (uses)	<u>(17,022)</u>	<u>-</u>	<u>17,022</u>	<u>-</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>(94,656)</u>	<u>\$ (94,656)</u>	<u>22,955</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
Revenues and other sources over expenditures and other uses		(94,656)		22,955
Reconciling items				
Capital outlay		74,654		-
Depreciation		(221,972)		(216,844)
Principal retirement		290,110		312,366
Increase in pension liability		(45,190)		(2,208)
Decrease in deferred inflows of resources - pension		4,512		23,128
Increase in defired outflow of resources - pension		8,928		(20,920)
Change in net position	<u>\$</u>	<u>16,386</u>		<u>\$ 118,477</u>

## **OTHER SCHEDULES**

**Town of Murfreesboro, North Carolina  
General Fund  
Schedule of Advalorem Taxes Receivable  
June 30, 2019**

Fiscal Year	Uncollected Balance June 30, 2018	Addition	Collections	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 933,779	\$ 909,492	\$ 24,287
2017-2018	19,874		(2,898)	22,772
2016-2017	9,634		3,606	6,028
2015-2016	6,120		2,180	3,940
2014-2015	3,711		554	3,157
2013-2014	3,054		474	2,580
2012-2013	2,675		462	2,213
2011-2012	2,157		338	1,819
2010-2011	1,040		27	1,013
2009-2010	1,122		27	1,095
2008-2009	1,326		1,326	-
	<u>\$ 50,713</u>	<u>\$ 933,779</u>	<u>\$ 915,588</u>	<u>\$ 68,904</u>

Reconciliation to revenues

Ad valorem taxes - General Fund	\$ 918,811
Taxes written off	1,298
Interest Collected	<u>(4,521)</u>
Ad-Valorem Taxes Collected	<u>\$ 915,588</u>

**Town of Murfreesboro, North Carolina**  
**Analysis of Current Tax Levy**  
**Town-Wide Levy**  
**June 30, 2019**

Murfreesboro Township	Town - Wide			Total Levy	
	Property Valuation	Rate per \$100	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current rate	\$ 122,358,655	0.66	\$ 807,567	\$ 807,567	
Registered motor vehicles taxed at prior year's rate	19,285,465	0.66	127,284		127,284
Total Levy	141,644,120		934,851	807,567	127,284
Abatements	(162,424)		(1,072)	(1,072)	-
Total Property Valuation	\$ 141,481,696		933,779	806,495	127,284
Less: Uncollected Tax at June 30, 2019			(24,287)	(24,287)	-
Current Year Taxes Collected			\$ 909,492	\$ 782,208	\$ 127,284
Current Levy Collection %			97.40%	96.99%	100.00%

## **COMPLIANCE SECTION**

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

Certified Public Accountants



America Counts on CPAs

Gary L. Williams, CPA  
Carleen P. Evans, CPA  
Jennifer T. Reese, CPA  
Tara H. Roberson, CPA

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Curtis G. Van Horne, CPA

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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

### Independent Auditor's Report

To the Honorable Mayor and Town Council  
Town of Murfreesboro, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the Town of Murfreesboro, 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 Murfreesboro's basic financial statements, and have issued our report thereon dated May 25, 2020.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Murfreesboro'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 Murfreesboro's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

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

www.wwcecpa.com



We consider the deficiencies described in the accompanying schedule of findings and questioned costs 19-2 to be material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs 19-1 to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Murfreesboro'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 19-1 and 19-2.

#### Town of Murfreesboro's Response to Findings

The Town of Murfreesboro's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

#### Purpose of this Report

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

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

Winston, Williams, Creech, Evans & Company, LLP  
Certified Public Accountants  
Oxford, North Carolina  
May 25, 2020

**TOWN OF MURFREESBORO, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Significant Deficiency(s) ?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

II. Financial Statement Findings

19-1 Excess of expenditures over appropriations

Significant Noncompliance

Criteria: G.S. 159-28 states that no obligation may be incurred in a program, function, or activity accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

Condition: Excess of expenditures over authorized appropriations made for Governmental fund's Well Project and Water and Sewer fund.

Effect: Monies were spent that had not been approved by the governing board.

Cause: Review of budget to actual reports were not closely reviewed and amendments were not made to the budgetto account for these expenditures.

Recommendation: Management should closely review budget to actual reports to ensure compliance in the future.

Views of responsible officials and planned corrective actions: The Town agrees with this finding.

19-2 Prior Period Adjustments

Material Weakness

Criteria: Accounting principles generally accepted in the United States of America requires, maintenance of controls relevant to the preparation and fair presentation of financial statements.

Condition: There have been a pattern of Prior Period Adjustments(PPA) to the financial statements.

Effect: Adjustments to correct prior error.

Cause: Review of financial statements showed an overstatement in the capital project fund in prior year.

Recommendation: Management should closely review financial statements' revenues and expenses for accuracy and completeness.

Views of responsible officials and planned corrective actions: The Town agrees with this finding.



*Hal Thomas, Mayor*

**Town Hall**  
P.O. Box 6  
105 E. Broad Street  
Murfreesboro, NC 27855  
Phone: 252.398.5904  
Fax: 252.398.5973

**Police Chief**  
David Griffith  
**Public Works**  
Becky Turner  
**Code Enforcement**  
W. Gene Flowers

**Town Administrator**  
Carolyn Brown  
**Town Clerk**  
Carolyn Brown  
**Town Attorney**  
W. Hugh Jones Jr.

Town Council

Sarah Wallace: Jay Revelle: Berna Stephens: Craig Dennis: David Brown

TOWN OF MURFREESBORO, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2019  
Section II - Financial Statement Findings

19-1 Excess of expenditures over appropriations

Name of Contact Person: Carolyn Brown, Town Clerk

Corrective Action Plan: Management personnel will review budget to actual reports monthly and make appropriate amendments to the budget when necessary.

Proposed Completion Date: Management will implement immediately.

19-2 Prior Period Adjustments

Name of Contact Person: Carolyn Brown, Town Clerk

Corrective Action Plan: Management personnel will closely monitor financial statements for compliance and completeness.

Proposed Completion Date: Management will implement immediately.

**TOWN OF MURFREESBORO, NORTH CAROLINA  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**Finding: 2018-1**

Status: Excess of expenditures over appropriations repeated for June 30, 2019.