

**Town of Maysville  
Maysville, North Carolina**

**Audited Financial Statements**

**Year Ended June 30, 2020**

**Town of Maysville, North Carolina**

**Audited Financial Statements**

**For the Year Ended June 30, 2020**

Edward Waltz, Mayor

**BOARD OF COMMISSIONERS**

Lisa Moore, Mayor Pro-Tem

Cara Dunn

Daniel Ryan

Janet Baker

Myra Fryar

**Administrative and Financial Staff**

Schumata Brown, Town Manager

Sholanthe' Gordon, Finance Director

**Town of Maysville, North Carolina**  
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**June 30, 2020**

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## **Financial Section**

# S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

## MEMBERS

American Institute of CPAs

N. C. Association of CPAs

## Independent Auditor's Report

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Maysville, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the Town of Maysville, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10, the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 47 and 48, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a percentage of Covered Payroll on pages 49 and 50 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Maysville, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2021 on our consideration of Town of Maysville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Maysville's internal control over financial reporting and compliance.



Lumberton, North Carolina  
February 19, 2021



## **Management's Discussion and Analysis**

**Town of Maysville, North Carolina**  
**Management's Discussion and Analysis**  
**June 30, 2020**

**Management's Discussion and Analysis**

As management of the Town of Maysville, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Maysville for the fiscal year ending June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

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

**Financial Highlights**

The assets and deferred outflows of resources of the Town of Maysville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$6,428,133 (*net position*).

The government's total net position increased by \$841,334 due to \$806,402 of capital grants in the WWTP (wastewater treatment plant) Capital Project Fund, which is in business-type activities.

As of the close of the current fiscal year, the Town of Maysville's governmental funds reported combined ending fund balances of \$543,137 with a net decrease of \$8,488 in fund balance. This decrease was the result of \$128,699 in transfers from the General Fund to the WWTP Capital Project Fund for construction expenditures. Approximately 26.21% of this total fund balance, or \$142,338, is restricted.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$400,799 or 73.79% of total General Fund expenditures for the fiscal year.

The Town of Maysville's total assets (net of accumulated depreciation) increased by \$1,363,270 during the current fiscal year. This increase is largely due to the increase in construction in progress in the Water and Sewer Fund of \$1,502,998 from the construction of a wastewater treatment plant.

The Town of Maysville's total debt (excluding pension liabilities and compensated absences) increased by \$473,946 during the current fiscal year due a new loan \$567,000 for the construction of a wastewater treatment plant in business-type activities.

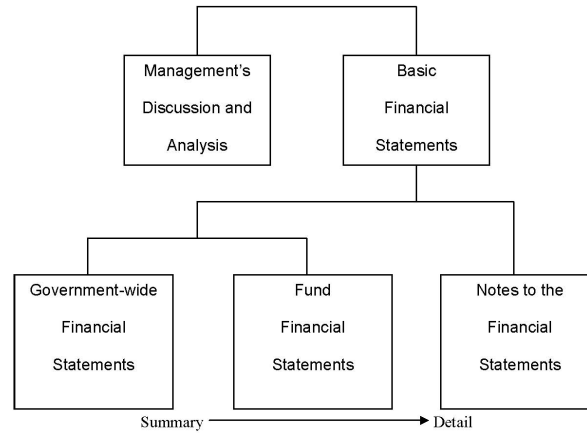
**Overview of the Financial Statements**

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

**Town of Maysville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2020**

Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements.

There are three parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes explain in detail some of the data contained in those statements. After the notes, additional information is provided to show details about the Town's individual funds. Budgetary information required by the N.C. General Statutes can also be found in this part of the statements.

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

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

The government-wide statements are divided into two categories: 1) governmental activities, 2) business-type activities. The governmental activities include most of the Town's basic services such as general government, public safety, highways/streets, sanitation, economic development, culture and recreation, and debt service. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water services offered by the Town of Maysville.

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

**Fund Financial Statements.** The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Maysville, like other state and local governments, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories, governmental funds and proprietary funds.

**Town of Maysville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2020**

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

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

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

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

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

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

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-46 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 47 of this report.

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

**Town of Maysville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2020**

**Government-Wide Financial Analysis**

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

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Totals	Totals
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,330,571	\$ 1,364,169	\$ 317,266	\$ 223,331	\$ 1,647,837	\$ 1,587,500
Capital assets	1,118,157	1,108,898	5,316,001	3,961,990	6,434,158	5,070,888
<b>Total assets</b>	<b>2,448,728</b>	<b>2,473,067</b>	<b>5,633,267</b>	<b>4,185,321</b>	<b>8,081,995</b>	<b>6,658,388</b>
Deferred Outflows of Resources	74,629	93,433	28,393	32,672	103,022	126,105
Current liabilities	141,784	150,547	677,421	92,328	819,205	242,875
Long-term liabilities	297,134	357,451	131,083	139,128	428,217	496,579
<b>Total liabilities</b>	<b>438,918</b>	<b>507,998</b>	<b>808,504</b>	<b>231,456</b>	<b>1,247,422</b>	<b>739,454</b>
Deferred Inflows of Resources	507,642	456,662	1,820	1,578	509,462	458,240
Net position						
Net investment in						
capital assets	884,660	794,480	4,651,418	3,852,275	5,536,078	4,646,755
Restricted	142,338	225,049	-	-	142,338	225,049
Unrestricted	549,799	582,311	199,918	132,684	749,717	714,995
<b>Total net position</b>	<b>\$ 1,576,797</b>	<b>\$ 1,601,840</b>	<b>\$ 4,851,336</b>	<b>\$ 3,984,959</b>	<b>\$ 6,428,133</b>	<b>\$ 5,586,799</b>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Maysville exceeded liabilities and deferred inflows by \$6,428,133 as of June 30, 2020.

The Town's net position increased by \$841,344. The largest portion of net position, \$5,536,078, reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Maysville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the Town of Maysville's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Maysville's net position, \$142,338, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$749,717 is unrestricted.

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

- The Town's property tax collection rate was 94.91% during the year, a decrease from last year's rate of 95.19%.
- Expenses increased by \$348,813 or 23.30% from the prior year.
- Revenues increased by \$176,090 mostly attributed to \$702,723 in operating grants.

**Town of Maysville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2020**

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

	Governmental Activities 2020	Governmental Activities 2019	Business-type Activities 2020	Business-type Activities 2019	Total 2020	Total 2019
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$ 141,522	\$ 91,291	\$ 511,016	\$ 501,232	\$ 652,538	\$ 592,523
Operating grants and contributions	702,723	70,931	-	-	702,723	70,931
Capital grants and contributions	-	1,017,478	806,402	76,983	806,402	1,094,461
<b>General revenues</b>						
Property taxes	260,652	255,348	-	-	260,652	255,348
Unrestricted intergovernmental	162,706	151,773	-	-	162,706	151,773
Other	91,884	335,941	10,046	9,884	101,930	345,825
<b>Total revenues</b>	<b>1,359,487</b>	<b>1,922,762</b>	<b>1,327,464</b>	<b>588,099</b>	<b>2,686,951</b>	<b>2,510,861</b>
<b>Expenses:</b>						
General government	221,331	299,446	-	-	221,331	299,446
Public safety	214,315	241,090	-	-	214,315	241,090
Transportation	75,622	88,775	-	-	75,622	88,775
Public services	81,383	55,686	-	-	81,383	55,686
LPA	54,922	43,688	-	-	54,922	43,688
Hurricane recovery	606,179	271,650	-	-	606,179	271,650
Interest on long-term debt	1,182	2,355	-	-	1,182	2,355
Water and sewer	-	-	590,683	494,115	590,683	494,115
<b>Total expenses</b>	<b>1,254,934</b>	<b>1,002,690</b>	<b>590,683</b>	<b>494,115</b>	<b>1,845,617</b>	<b>1,496,805</b>
Increase (decrease) in net position before transfers	104,553	920,072	736,781	93,984	841,334	1,014,056
Transfers	(129,596)	-	129,596	-	-	-
Increase (decrease) in net position	(25,043)	920,072	866,377	93,984	841,334	1,014,056
Net position - beginning - previously reported	1,601,840	1,131,768	3,984,959	3,890,975	5,586,799	5,022,743
Restatement (Note 5)	-	(450,000)	-	-	-	(450,000)
Net position - beginning - restated	1,601,840	681,768	3,984,959	3,890,975	5,586,799	4,572,743
Net position - ending	\$ 1,576,797	\$ 1,601,840	\$ 4,851,336	\$ 3,984,959	\$ 6,428,133	\$ 5,586,799

**Governmental activities.** Governmental activities decreased the Town's net position by \$511,086. The decrease was primarily a result from transfers from the General Fund to the WWTP Capital Project Fund for construction expenses.

**Town of Maysville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2020**

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

**Business-type activities.** Business-type activities increased the Town's net position by \$866,377. Key elements of this increase are as follows:

- The Town of Maysville received additional capital contributions and grants.
- Transfers in from the General Fund in the amount of \$129,596.

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

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

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

The General Fund is the principal operating fund of the Town of Maysville. At the end of the fiscal year, unassigned fund balance for the General Fund was \$400,799 with a total fund balance of \$543,137. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30.69% of total General Fund expenditures, while total fund balance represents 41.59% of that same amount.

At June 30, 2020, the governmental funds of the Town of Maysville reported a combined fund balance of \$543,137 with a net decrease in fund balance of \$8,488.

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

Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$199,918. Other factors concerning this fund have been discussed in the Town's business-type activities.

**General Fund Budgetary Highlights**

During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories:

- Amendments that adjust for the estimates that are prepared for the original budget ordinance once exact information is available,
- Amendments that recognize new funding from external sources, such as federal and State grants,
- Amendments that appropriate increases that becomes necessary to maintain services and obligations.

**Town of Maysville, North Carolina**  
**Management's Discussion and Analysis (continued)**  
**June 30, 2020**

**Capital Assets and Debt Administration**

The Town of Maysville's investments in capital assets for its governmental and business-type activities as of June 30, 2020, totals \$6,434,158 (net of accumulated depreciation). The investments in capital assets includes land, buildings, improvements, furniture and equipment, infrastructure (including distribution systems), and vehicles.

Major capital asset transactions during the year include the following:

- Purchase of a playground in the amount of \$73,007 for the governmental activities.
- Additions to construction in progress of \$1,502,998 in business-type activities.

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

	Governmental Activities 2020	Governmental Activities 2019	Business-type Activities 2020	Business-type Activities 2019	Totals 2020	Totals 2019
Land	\$ 47,937	\$ 47,937	\$ 21,500	\$ 21,500	\$ 69,437	\$ 69,437
Construction in progress	-	-	1,512,813	9,815	1,512,813	9,815
Buildings and system	241,588	250,337	3,684,907	3,818,513	3,926,495	4,068,850
Equipment	80,551	24,535	86,193	98,525	166,744	123,060
Vehicles	7,656	14,524	10,588	13,637	18,244	28,161
Infrastructure	740,425	771,565	-	-	740,425	771,565
<b>Total</b>	<b>\$ 1,118,157</b>	<b>\$ 1,108,898</b>	<b>\$ 5,316,001</b>	<b>\$ 3,961,990</b>	<b>\$ 6,434,158</b>	<b>\$ 5,070,888</b>

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

**Long-term debt.** As of June 30, 2020, the Town of Maysville had total installment purchase debt outstanding of \$809,330. Of this, \$809,330 is debt backed by the full faith and credit of the Town.

**The Town of Maysville's Long-Term Debt**  
**Figure 5**

	Governmental Activities 2020	Governmental Activities 2019	Business-type Activities 2020	Business-type Activities 2019	Totals 2020	Totals 2019
General obligation bonds	\$ -	\$ -	\$ 88,750	\$ 97,625	\$ 88,750	\$ 97,625
Direct placement installment purchase	233,497	314,419	575,833	12,090	809,330	326,509
<b>Total</b>	<b>\$ 233,497</b>	<b>\$ 314,419</b>	<b>\$ 664,583</b>	<b>\$ 109,715</b>	<b>\$ 898,080</b>	<b>\$ 424,134</b>

**The Town of Maysville's Outstanding Debt.** The Town of Maysville's total debt excluding pension related debt increased by \$473,946 (111.74%) during the past fiscal year due to a new loan in the Water and Sewer Fund.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin of Town of Maysville is \$4,107,780.

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



**Town of Maysville, North Carolina  
Management's Discussion and Analysis (continued)  
June 30, 2020**

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

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

- Jones County's unemployment rate is 5.8% for June 2020 compared to 4.2% in June 2019. The Statewide averages were 7.5% in June 2020 and 4.4% in June 2019.
- The new constructed Highway 17 by-pass should bring some economic opportunities to the Town.
- Green Recycling Solutions expand its territory. The Town will see an increase in franchise fees.

**Budget Highlights for the Fiscal Year Ending June 30, 2021**

Governmental Activities: Property tax revenues remained at a \$0.51 tax rate per hundred-dollar valuation. The Town received a \$500,000 grant from the NC Office of Recovery and Resiliency. Solid waste revenue will increase due to an increase in fees solid waste fees.

Business-type Activities: Revenues from water/sewer fees is expected to increase due to a 4% water/sewer rate for in-town citizens and a 5% increase for out-town water/sewer rates.

The Town received a \$500,000 grant to remediate the PFAS issue in the Town's well.

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

**Request for Information**

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

## **Basic Financial Statements**

**Town of Maysville, North Carolina**  
**Statement of Net Position**  
**June 30, 2020**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 957,606	\$ 170,669	\$ 1,128,275
Taxes receivable, net	25,325	-	25,325
Accounts receivables, net	14,641	89,631	104,272
Due from other governments	80,365	19,715	100,080
Prepaid items	-	3,747	3,747
Current portion of notes receivable	68,182	-	68,182
Restricted cash and cash equivalents	38,075	42,761	80,836
Internal balances	9,257	(9,257)	-
<b>Total current assets</b>	<u>1,193,451</u>	<u>317,266</u>	<u>1,510,717</u>
Non-current assets:			
Non-current portion of notes receivable	137,120	-	137,120
Capital assets (Note 3):			
Land and non-depreciable improvements and construction in progress	47,937	1,534,313	1,582,250
Other capital assets, net of depreciation	1,070,220	3,781,688	4,851,908
<b>Total capital assets</b>	<u>1,118,157</u>	<u>5,316,001</u>	<u>6,434,158</u>
<b>Total assets</b>	<u>2,448,728</u>	<u>5,633,267</u>	<u>8,081,995</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	74,629	28,393	103,022
<b>Total deferred outflows of resources</b>	<u>74,629</u>	<u>28,393</u>	<u>103,022</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	56,807	27,755	84,562
Current portion of long-term liabilities	79,977	578,905	658,882
Compensated absences	5,000	3,000	8,000
Unearned revenue	-	25,000	25,000
Payable from restricted assets:			
Customer deposits	-	42,761	42,761
<b>Total current liabilities</b>	<u>141,784</u>	<u>677,421</u>	<u>819,205</u>
Long-term liabilities:			
Net pension liability	107,764	40,798	148,562
Total pension liability	28,522	-	28,522
Compensated absences	7,328	4,607	11,935
Due in more than one year	153,520	85,678	239,198
<b>Total liabilities</b>	<u>438,918</u>	<u>808,504</u>	<u>1,247,422</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	7,642	1,820	9,462
Grant awards	500,000	-	500,000
<b>Total deferred inflows of resources</b>	<u>507,642</u>	<u>1,820</u>	<u>509,462</u>
<b>NET POSITION</b>			
Net investment in capital assets	884,660	4,651,418	5,536,078
Restricted for:			
Stabilization by State Statute	104,263	-	104,263
Public safety	387	-	387
Grant expenditures	37,688	-	37,688
Unrestricted	549,799	199,918	749,717
<b>Total net position</b>	<u>\$ 1,576,797</u>	<u>\$ 4,851,336</u>	<u>\$ 6,428,133</u>

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

**Town of Maysville, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2020**

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>							
<b>Governmental Activities:</b>							
General government	\$ 221,331	\$ -	\$ -	\$ -	\$ (221,331)	\$ -	\$ (221,331)
Public safety	214,315	4,214	23,297	-	(186,804)	-	(186,804)
Transportation	75,622	-	33,777	-	(41,845)	-	(41,845)
Public services	81,383	64,197	-	-	(17,186)	-	(17,186)
LPA	54,922	73,111	-	-	18,189	-	18,189
Hurricane recovery	606,179	-	645,649	-	39,470	-	39,470
Interest on long-term debt	1,182	-	-	-	(1,182)	-	(1,182)
<b>Total governmental activities</b>	<u>1,254,934</u>	<u>141,522</u>	<u>702,723</u>	<u>-</u>	<u>(410,689)</u>	<u>-</u>	<u>(410,689)</u>
<b>Business-type activities:</b>							
Water and sewer	590,683	511,016	-	806,402	-	726,735	726,735
<b>Total business-type activities</b>	<u>590,683</u>	<u>511,016</u>	<u>-</u>	<u>806,402</u>	<u>-</u>	<u>726,735</u>	<u>726,735</u>
<b>Total primary government</b>	<u>\$ 1,845,617</u>	<u>\$ 652,538</u>	<u>\$ 702,723</u>	<u>\$ 806,402</u>	<u>(410,689)</u>	<u>726,735</u>	<u>316,046</u>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purpose					260,652	-	260,652
Unrestricted intergovernmental					162,706	-	162,706
Miscellaneous, unrestricted					91,884	10,046	101,930
<b>Total general revenues not including transfers</b>					<u>515,242</u>	<u>10,046</u>	<u>525,288</u>
Transfers					(129,596)	129,596	-
Total general revenues and transfers					<u>385,646</u>	<u>139,642</u>	<u>525,288</u>
<b>Change in net position</b>					<u>(25,043)</u>	<u>866,377</u>	<u>841,334</u>
<b>Net position, beginning, previously reported</b>					2,051,840	3,984,959	6,036,799
<i>Restatement (Note 5)</i>					(450,000)	-	(450,000)
<b>Net position, beginning, restated</b>					<u>1,601,840</u>	<u>3,984,959</u>	<u>5,586,799</u>
<b>Net position, ending</b>					<u>\$ 1,576,797</u>	<u>\$ 4,851,336</u>	<u>\$ 6,428,133</u>

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

**Town of Maysville, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	<b>Major Fund</b>	<b>Total</b>
<b>ASSETS</b>	<b>General Fund</b>	<b>Governmental</b>
		<b>Funds</b>
Cash and cash equivalents	\$ 957,606	\$ 957,606
Receivables, net:		
Taxes	25,325	25,325
Accounts	14,641	14,641
Due from other governments	80,365	80,365
Due from other funds	9,257	9,257
Restricted cash	38,075	38,075
<b>Total assets</b>	<b>\$ 1,125,269</b>	<b>\$ 1,125,269</b>
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued liabilities	\$ 56,807	\$ 56,807
<b>Total liabilities</b>	<b>56,807</b>	<b>56,807</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Property taxes receivable	25,325	25,325
Grant awards	500,000	500,000
<b>Total deferred inflows of resources</b>	<b>525,325</b>	<b>525,325</b>
<b><u>FUND BALANCES</u></b>		
Restricted:		
Stabilization by State Statute	104,263	104,263
Public Safety	387	387
Grant expenditures	37,688	37,688
Unassigned	400,799	400,799
<b>Total fund balances</b>	<b>543,137</b>	<b>543,137</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,125,269</b>	<b>\$ 1,125,269</b>

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

**Town of Maysville, North Carolina**  
**Balance Sheet**  
**Governmental Funds (continued)**  
**June 30, 2020**

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

Total Fund Balance, Governmental Funds	\$	543,137
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		
Gross capital assets at historical cost	\$ 1,872,556	
Accumulated depreciation	<u>(754,399)</u>	1,118,157
Deferred outflows of resources related to pensions are not reported in the funds.		
		74,629
Earned revenues considered deferred inflows of resources in fund statements.		
		25,325
Other long-term assets are not available to pay for current-period expenditures and therefore are inflows of resources in the funds		
		205,302
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Compensated absences	\$ (12,328)	
Long-term debt	(233,497)	
Total pension liability	(28,522)	
Net pension liability	<u>(107,764)</u>	(382,111)
Deferred inflows of resources related to pension are not reported in the funds.		
		<u>(7,642)</u>
<b>Net position of governmental activities</b>	<b>\$</b>	<b><u>1,576,797</u></b>

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

**Town of Maysville, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

	<b>Major Fund General Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>		
Ad valorem taxes	\$ 259,978	\$ 259,978
Unrestricted intergovernmental	162,706	162,706
Restricted intergovernmental	61,889	61,889
Permits and fees	33,550	33,550
Sales and services	113,542	113,542
Grants	645,649	645,649
Miscellaneous	148,784	148,784
<b>Total revenues</b>	1,426,098	1,426,098
<b>Expenditures:</b>		
Current:		
General government	268,612	268,612
Public safety	166,813	166,813
Transportation	69,428	69,428
Public services	62,185	62,185
LPA	50,566	50,566
Hurricane recovery	606,179	606,179
Debt service:		
Principal retirement	80,922	80,922
Interest	1,182	1,182
<b>Total expenditures</b>	1,305,887	1,305,887
<b>Excess (deficiency) of revenues over expenditures</b>	120,211	120,211
<b>Other financing sources (uses)</b>		
Sales of capital assets	391	391
Insurance proceeds	506	506
Transfer to the WWTP Project Fund	(129,596)	(129,596)
<b>Total other financing sources (uses)</b>	(128,699)	(128,699)
<b>Net change in fund balances</b>	(8,488)	(8,488)
<b>Fund balance, beginning as previously reported</b>	1,001,625	1,001,625
<b>Prior period adjustment (Note 5)</b>	(450,000)	(450,000)
<b>Fund balance, restated</b>	551,625	551,625
<b>Fund balance, ending</b>	\$ 543,137	\$ 543,137

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

**Town of Maysville, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2020**

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

Net changes in fund balances - total governmental funds	\$	(8,488)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	73,007	
Depreciation expense for governmental assets	<u>(63,478)</u>	9,529
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		20,892
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		330
Payments on note receivable not included in the Statement of Activities		(68,182)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		675
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net position. These amounts are the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments	<u>80,922</u>	80,922
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.</p>		
Compensated absences	(131)	
Pension expense	<u>(60,590)</u>	<u>(60,721)</u>
<b>Total changes in net position of governmental activities</b>	<b>\$</b>	<b><u><u>(25,043)</u></u></b>

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



**Town of Maysville, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 235,000	\$ 262,500	\$ 259,978	\$ (2,522)
Unrestricted intergovernmental	156,700	156,700	162,706	6,006
Restricted intergovernmental	57,892	57,892	61,889	3,997
Permits and fees	4,300	4,300	33,550	29,250
Sales and services	127,000	127,000	113,542	(13,458)
Grants	-	637,896	645,649	7,753
Miscellaneous	161,785	121,582	148,784	27,202
<b>Total revenues</b>	<u>742,677</u>	<u>1,367,870</u>	<u>1,426,098</u>	<u>58,228</u>
<b>Expenditures:</b>				
Current:				
General government	365,080	309,687	268,612	41,075
Public safety	211,183	225,432	166,813	58,619
Transportation	20,368	96,211	69,428	26,783
Public service	79,110	62,300	62,185	115
LPA	66,936	66,936	50,566	16,370
Hurricane recovery	-	606,200	606,179	21
Debt service:				
Principal retirement	-	80,922	80,922	-
Interest	-	1,182	1,182	-
<b>Total expenditures</b>	<u>742,677</u>	<u>1,448,870</u>	<u>1,305,887</u>	<u>142,983</u>
<b>Revenues over (under) expenditures</b>	<u>-</u>	<u>(81,000)</u>	<u>120,211</u>	<u>(201,211)</u>
<b>Other financing sources (uses):</b>				
Insurance proceeds	-	-	506	506
Sales of capital assets	-	1,000	391	(609)
Transfer to the WWTP Project Fund	-	(129,596)	(129,596)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(128,596)</u>	<u>(128,699)</u>	<u>(103)</u>
<b>Fund balance appropriated</b>	<u>-</u>	<u>209,596</u>	<u>-</u>	<u>209,596</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(8,488)</u>	<u>\$ (8,488)</u>
<b>Fund balance, beginning as previously reported</b>			<u>1,001,625</u>	
<b>Prior period adjustment (Note 5)</b>			<u>(450,000)</u>	
<b>Fund balance, restated</b>			<u>551,625</u>	
<b>Fund balance, ending</b>			<u>\$ 543,137</u>	

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

**Town of Maysville, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
**June 30, 2020**

<u><b>ASSETS</b></u>	<u><b>Water and Sewer Fund</b></u>
Current assets:	
Cash and cash equivalents	\$ 170,669
Accounts receivable, net	89,631
Due from other governments	19,715
Prepaid items	3,747
Restricted cash	42,761
<b>Total current assets</b>	<b>326,523</b>
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	1,534,313
Other capital assets, net of depreciation	3,781,688
<b>Total noncurrent assets</b>	<b>5,316,001</b>
<b>Total assets</b>	<b>5,642,524</b>
 <u><b>DEFERRED OUTFLOWS OF RESOURCES</b></u>	
Pension deferrals	28,393
 <u><b>LIABILITIES</b></u>	
Current liabilities:	
Accounts payable and accrued liabilities	27,755
Due to other funds	9,257
Compensated absences - current	3,000
General obligation bonds payable - current	8,875
Installment loan - current	570,030
Unearned revenue	25,000
Liabilities payable from restricted assets:	
Customer deposits	42,761
<b>Total current liabilities</b>	<b>686,678</b>
Noncurrent liabilities:	
Net pension liability	40,798
Compensated absences - noncurrent	4,607
General obligation bonds payable - noncurrent	79,875
Installment loan - noncurrent	5,803
<b>Total noncurrent liabilities</b>	<b>131,083</b>
<b>Total liabilities</b>	<b>817,761</b>
 <u><b>DEFERRED INFLOWS OF RESOURCES</b></u>	
Pension deferrals	1,820
 <u><b>NET POSITION</b></u>	
Net investment in capital assets	4,651,418
Unrestricted	199,918
<b>Total net position</b>	<b>\$ 4,851,336</b>

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

**Town of Maysville, North Carolina**  
**Statement of Revenue, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2020**

	<b>Water and Sewer Fund</b>
<b>Operating revenues:</b>	
Charges for services	\$ 507,893
Other operating revenues	3,123
<b>Total operating revenues</b>	<b>511,016</b>
<b>Operating expenses:</b>	
<b>Water:</b>	
Personnel	101,406
Water and sewer operations	340,111
Depreciation	149,166
<b>Total operating expenses</b>	<b>590,683</b>
<b>Operating income (loss)</b>	<b>(79,667)</b>
<b>Nonoperating revenues (expenses):</b>	
Sewer asset inventory expenses	(7,808)
Sewer asset inventory grant	7,808
Other grant income	20,041
Other grant expenses	(9,995)
<b>Total nonoperating revenues (expenses)</b>	<b>10,046</b>
<b>Income (loss) before contributions and transfers</b>	<b>(69,621)</b>
Capital contributions	806,402
Transfers from General Fund	129,596
<b>Total contributions</b>	<b>935,998</b>
<b>Change in net position</b>	<b>866,377</b>
<b>Total net position, beginning</b>	<b>3,984,959</b>
<b>Total net position, ending</b>	<b>\$ 4,851,336</b>

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

**Town of Maysville, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2020**

	<b>Water and Sewer Fund</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 501,906
Cash paid for goods and services	(322,416)
Cash paid to employees	(94,956)
<b>Net cash provided (used) by operating activities</b>	<b>84,534</b>
<b>Cash flows from non-capital financing activities</b>	
Noncapital grant income	27,849
Noncapital grant expenses	(17,803)
Increase in due from other funds	9,257
Transfers from other funds	129,596
<b>Net cash provided (used) by non-capital financing activities</b>	<b>148,899</b>
<b>Cash flows from capital and related financing activities</b>	
Acquisition of capital assets	(1,500,846)
Capital contributions	806,402
Issuance of long term debt	567,000
Principal paid on bond maturities	(12,132)
<b>Net cash provided (used) by non-capital financing activities</b>	<b>(139,576)</b>
<b>Cash flows from investing activities</b>	
Interest on investments	-
<b>Net cash provided (used) by investing activities</b>	<b>-</b>
<b>Net increase (decrease) in cash</b>	<b>93,857</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>119,573</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 213,430</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
<b>Operating income (loss)</b>	<b>\$ (79,667)</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -</b>	
Depreciation	149,166
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(4,392)
(Increase) decrease in due from other governments	(4,943)
Increase (decrease) in accounts payable and accrued liabilities	17,695
Increase (decrease) in compensated absences payable	(339)
(Increase) decrease in deferred outflows of resources for pensions	4,279
Increase (decrease) in deferred inflows of resources for pensions	242
Increase (decrease) in net pension liability	2,268
Increase (decrease) in customer deposits	225
<b>Total adjustments</b>	<b>164,201</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 84,534</b>

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

**Town of Maysville, North Carolina**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**June 30, 2020**

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

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

## **Notes to the Financial Statements**

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2020**

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

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

**A - Reporting Entity**

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

**B - Basis of Presentation**

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

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

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

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

The Town reports the following major governmental fund:

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

The Town reports the following major enterprise fund:

**Water and Sewer Fund** - This fund is used to account for the Town’s water operations. The WWTP Capital Project Fund is consolidated into the Water and Sewer Fund for financial reporting purposes.

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

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

The Town reports the following fund types:

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

**C - Measurement Focus and Basis of Accounting**

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad Valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2014, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts.



**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

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

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

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

**D - Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

**1. Deposits and Investments**

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

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

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

The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

Governmental Activities:	
General Fund:	
Public safety	\$ 387
Grant expenditures	37,688
Total Governmental Activities	38,075
Business-type Activities:	
Water and Sewer Fund:	
Customer deposits	42,761
Total Business-type Activities	42,761
Total Restricted Cash	\$ 80,836

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenue is reported net of such discounts.

5. Allowance for Doubtful Accounts

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

6. Prepaid Items

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

7. Capital Assets

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

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

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

**7. Capital Assets (continued)**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at their acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. General infrastructure assets acquired prior to July 1, 2003 have not been capitalized as the Town has elected not to retroactively implement the capitalization of infrastructure.

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

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meet this criterion – pension related deferrals for the 2020 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criteria for this category - property taxes receivable and pension related deferrals.

**9. Long-Term Obligations**

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

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

**10. Compensated Absences**

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

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

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

10. Compensated Absences (continued)

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

11. Net Position / Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

*Restricted for Public Safety* - portion of fund balance that is restricted by revenue source for the enhancement of law enforcement.

*Restricted for Grant Expenditures* - portion of fund balance that is restricted by revenue source for the future expenditures relating to grant awards.

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

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

11. Net Position / Fund Balances (continued)

Fund Balances (continued)

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

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

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

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

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Maysville's employer contributions are recognized when due and the Town of Maysville has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

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

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

1. Noncompliance with North Carolina General Statutes

During the annual audit, the auditors noted that the balance sheet and schedules of revenues and expenditures for the General Fund and Water and Sewer Fund contained material errors due to incorrect posting of transactions that had occurred monthly. The auditors proposed material journal entries to remedy the incorrect postings. The Town posted the entries and will implement procedures to ensure proper recording of all transactions in future years.

2. Contractual Violations

None

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

None

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)**

**C - Excess of Expenditures over Appropriations**

None.

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

**A - Assets**

**1. Deposits**

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

At June 30, 2020, the Town's deposits had a carrying amount of \$1,209,011 and a bank balance of \$1,162,860. Of the bank balance, \$250,000 was covered by federal depository insurance. At June 30, 2020, the Town's cash on hand totaled \$100.

**2. Accounts Receivable**

Receivables at the government-wide level at June 30, 2020 were as follows:

Governmental Activities:	
General Fund:	
Taxes	\$ 36,852
Accounts	14,641
Due from other governments	80,635
<b>Total governmental activities</b>	<b>132,128</b>
Business-type Activities:	
Water and Sewer Fund:	
Accounts	101,963
Due from other governments	19,715
<b>Total business-type activities</b>	<b>121,678</b>
<b>Total gross receivables</b>	<b>\$ 253,806</b>

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**A - Assets (continued)**

3. Receivables - Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2020 are net of the following allowance for doubtful accounts:

General Fund:	
Taxes receivable	\$ 11,527
<b>Total General Fund</b>	<b>11,527</b>
Water and Sewer Fund:	
Accounts receivable	12,332
<b>Total Water and Sewer Fund</b>	<b>12,332</b>
<b>Total allowances</b>	<b>\$ 23,859</b>

4. Note Receivables

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

At June 30, 2020, all of the funds had been used to purchase recycling equipment and an agreement has been signed by Green Recycling which calls for the repayment of these funds to the Town in the form of a lease. The terms of the repayment of the lease/note from Green Recycling Solutions will mirror the Town's repayment on the Jones-Onslow EMC note payable. Repayment began on September 1, 2015.

<u>During Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 65,152	\$ -	\$ 65,152
2022	50,000	-	50,000
2023	50,000	-	50,000
2024	40,151	-	40,151
Total	\$ 205,302	\$ -	\$ 205,302

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**A - Assets (continued)**

5. Capital Assets

**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2020, was as follows:

	Beginning			Ending
<b>Governmental activities:</b>	Balances	Increases	Decreases	Balances
<b>Capital assets not being depreciated:</b>				
Land	\$ 47,937	\$ -	\$ -	\$ 47,937
Total capital assets not being depreciated	<u>47,937</u>	<u>-</u>	<u>-</u>	<u>47,937</u>
<b>Capital assets being depreciated:</b>				
Buildings	347,377	-	-	347,377
Equipment	250,819	73,007	391	323,435
Infrastructure	934,208	-	-	934,208
Vehicles	219,599	-	-	219,599
Total capital assets being depreciated	<u>1,752,003</u>	<u>73,007</u>	<u>391</u>	<u>1,824,619</u>
<b>Less accumulated depreciation for:</b>				
Buildings	97,040	8,749	-	105,789
Equipment	226,284	16,991	391	242,884
Infrastructure	162,643	31,140	-	193,783
Vehicles	205,075	6,868	-	211,943
Total accumulated depreciation	<u>691,042</u>	<u>\$ 63,748</u>	<u>\$ 391</u>	<u>754,399</u>
Total capital assets being depreciated, net	<u>1,060,961</u>			<u>1,070,220</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 1,108,898</u>			<u>\$ 1,118,157</u>

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

General government	\$ 8,193
Public safety	33,322
Transportation	6,229
Public services	<u>16,004</u>
Total depreciation expense	<u>\$ 63,748</u>



**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**A - Assets (continued)**

4. Capital Assets (continued)

	Beginning			Ending
	Balances	Increases	Decreases	Balances
<b>Water fund:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 21,500	\$ -	\$ -	\$ 21,500
CIP	9,815	1,502,998	-	1,512,813
Total capital assets not being depreciated	31,315	1,502,998	-	1,534,313
 <b>Capital assets being depreciated:</b>				
Plant and distribution systems	5,905,822	-	-	5,905,822
Vehicles	25,761	-	-	25,761
Equipment	389,193	-	-	389,193
Total capital assets being depreciated	6,320,776	-	-	6,320,776
 <b>Less accumulated depreciation for:</b>				
Plant and distribution systems	2,087,309	133,785	-	2,221,094
Vehicles	12,124	3,049	-	15,173
Equipment	290,668	12,332	-	303,000
Total accumulated depreciation	2,390,101	\$ 149,166	\$ -	2,539,267
Total capital assets being depreciated, net	3,930,675			3,781,509
<b>Water fund capital assets, net</b>	<b>\$ 3,961,990</b>			<b>\$ 5,315,822</b>

**B - Liabilities**

1. Payables

Payables at the government-wide level at June 30, 2020 were as follows:

Governmental activities:	
General Fund	\$ 56,807
Business-type activities:	
Water and Sewer Fund	27,755
Total payables	\$ 84,562

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**B - Liabilities (continued)**

2. Pension Plan and Postemployment Obligations

*a. Local Governmental Employees' Retirement System*

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

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Maysville employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Maysville's contractually required contribution rate for the year ended June 30, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Maysville were \$25,171 for the year ended June 30, 2020.

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**B - Liabilities (continued)**

2. Pension Plan and Postemployment Obligations (continued)

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

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

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

At June 30, 2020, the Town reported a liability of \$148,562 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension 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, 2019, the Town's proportion was 0.00544%, which was a decrease of 0.00026 from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$65,098. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 25,438	\$ -
Changes of assumptions	24,213	-
Net difference between projected and actual earnings on pension plan investments	3,624	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	14,008	8,634
Town contributions subsequent to the measurement date	25,171	-
Total	\$ 92,454	\$ 8,634

\$25,171 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2021	\$ 28,976
2022	12,784
2023	14,395
2024	2,494
2025	-
Thereafter	-

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**B - Liabilities (continued)**

2. Pension Plan and Postemployment Obligations (continued)

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

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

*Actuarial Assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

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

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**B - Liabilities (continued)**

2. Pension Plan and Postemployment Obligations (continued)

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

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

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

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

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

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 339,789	\$ 148,562	\$ (10,386)

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

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

*1. Plan Description*

The Town of Maysville administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percentage of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**B - Liabilities (continued)**

2. Pension Plan and Postemployment Obligations (continued)

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

1. Plan Description (continued)

The Separation Allowance covers all full-time law enforcement officers of the Town. At December 31, 2018, the Separation Allowance's membership consisted of:

Active plan members	4
Total	4

2. Summary of Significant Accounting Policies

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

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 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	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

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

4. Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$0 for the reporting period.

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**B - Liabilities (continued)**

2. Pension Plan and Postemployment Obligations (continued)

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

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

At June 30, 2020, the Town reported a total pension liability of \$28,522. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$6,559.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 8,747	\$ -
Changes of assumptions and other inputs	1,821	828
Benefit payment and administrative expenses subsequent to the measurement date	-	-
Total	\$ 10,568	\$ 828

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

<b>Year ended June 30:</b>	
2021	\$ 2,401
2022	2,401
2023	2,417
2024	1,524
2025	717
Thereafter	281

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**B - Liabilities (continued)**

2. Pension Plan and Postemployment Obligations (continued)

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

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

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 3.26%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current rate:

	<b>1% Decrease (2.26%)</b>	<b>Current Discount Rate (3.26%)</b>	<b>1% Increase (4.26%)</b>
Total pension liability	\$30,939	\$28,522	\$26,366

	<b>2020</b>
Beginning balance	\$ 20,009
Service cost	3,100
Interest on the total pension liability	728
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	4,699
Changes of assumptions or other inputs	(14)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	\$ 28,522

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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.



**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**B - Liabilities (continued)**

2. Pension Plan and Postemployment Obligations (continued)

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

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 65,098	\$ 6,559	\$ 71,657
Pension Liability	148,562	28,522	177,084
Proportionate share of the net pension liability	0.00544%	n/a	
 Deferred of Outflows of Resources			
Differences between expected and actual experience	25,438	8,747	34,185
Changes of assumptions	24,213	1,821	26,034
Net difference between projected and actual earnings on plan investments	3,624	-	3,624
Changes in proportion and differences between contributions and proportionate share of contributions	14,008	-	14,008
Benefit payments and administrative costs paid subsequent to the measurement date	25,171	-	25,171
 Deferred of Inflows of Resources			
Changes of assumptions	-	828	828
Net difference between projected and actual earnings on Changes in proportion and differences between contributions and proportionate share of contributions	8,634	-	8,634

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**B - Liabilities (continued)**

2. Pension Plan and Postemployment Obligations (continued)

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

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were \$20,692, which consisted of \$2,916 from the Town and \$1,458 from the law enforcement officers. General employees of the Town are also permitted to make voluntary contributions to the Plan. Contribution made by general employees for the year ended June 30, 2020 was \$1,458.

2. Other Employment Benefits

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

3. Deferred Outflows and Inflows of Resources

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

Source	Amount
Contributions made to the plan in the current year	\$ 25,171
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	-
Differences between expected and actual experience	34,185
Changes of assumptions	26,034
Net difference between projected and actual earnings on pension plan investments	3,624
Changes in proportion and differences between Town contributions and proportionate share of contributions	14,008
Total	\$ 103,022

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**B - Liabilities (continued)**

3. Deferred Outflows and Inflows of Resources (continued)

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

	<b>Statement of Net Position</b>	<b>General Fund Balance Sheet</b>
Taxes receivable, less penalties (General Fund)	\$ -	\$ 25,325
Grants awarded and received but unspent	500,000	500,000
Changes in assumptions	828	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,634	-
Total	\$ 509,462	\$ 525,325

4. Risk Management

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

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

Because the Town is in an area of the State that has been mapped and designated moderate to low flood zone by the Federal Emergency Management Agency, the Town has chosen not to obtain flood insurance.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

5. Claims, Judgments, and Contingent Liabilities

At June 30, 2020, the Town was not a defendant to any lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of legal matters will not have a material adverse effect on the Town's financial position.

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**B - Liabilities (continued)**

6. Long-Term Obligations

a. Notes Payable

Serviced by the General Fund:

The Town of Maysville entered into a direct placement installment purchase with Jones-Onslow EMC on March 1, 2013 in the amount of \$560,000 for the purpose of economic development. The loan is for a 240-month period at 0%, with an 18-month deferral period. The Town's portion of \$60,000 was paid back at the time of closing. Payments for the 19<sup>th</sup> through the 24<sup>th</sup> month shall be in the amount of \$1,515 per month. Payments for the 25<sup>th</sup> through the 84<sup>th</sup> month shall be in the amount of \$5,682 per month. Payments for the 85<sup>th</sup> through the 120<sup>th</sup> and the last month shall be in the amount of \$4,167. The balance of the loan at June 30, 2020 was \$205,302.

Annual debt service payments as of June 30, 2020 are as follows:

Years Ending June 30:	Governmental-Type Activities	
	Principal	Interest
2021	\$ 65,152	\$ -
2022	50,000	-
2023	50,000	-
2024	40,150	-
Total	\$ 205,302	\$ -

The Town of Maysville entered into a direct placement installment purchase with the United States Department of Agriculture on September 3, 2014 in the amount of \$64,000 for the purpose of the purchase for three police cars. The loan is for a 7-year period at 4.00%. The note is payable in annual installments of \$10,664, including interest. The balance of the loan at June 30, 2020 was \$19,362.

Annual debt service payments as of June 30, 2020 are as follows:

Years Ending June 30:	Governmental-Type Activities	
	Principal	Interest
2021	\$ 9,863	\$ 804
2022	9,499	1,165
Total	\$ 19,362	\$ 1,969

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**B - Liabilities (continued)**

6. Long-Term Obligations (continued)

a. Notes Payable (continued)

The Town of Maysville entered into a direct placement installment purchase contract with BB&T on October 2, 2017 in the amount of \$29,785 (\$14,892 serviced by the General Fund) for the purpose of the purchase of a vehicle. The loan is for a 5-year period at 3.06%. The note is payable in yearly installments of \$3,257, including interest. The balance of the General Fund portion of the loan at June 30, 2020 was \$8,833.

Years Ending June 30:	Governmental-Type Activities	
	Principal	Interest
2021	\$ 3,030	\$ 227
2022	3,000	257
2023	2,803	454
Total	\$ 8,833	\$ 938

Serviced by the Water and Sewer Fund:

The Town of Maysville entered into a direct placement installment purchase contract with BB&T on October 2, 2017 in the amount of \$29,785 (\$14,893 serviced by the Water and Sewer Fund) for the purpose of the purchase of a vehicle. The loan is for a 5-year period at 3.06%. The note is payable in yearly installments of \$3,258, including interest. The balance of the Water and Sewer Fund portion of the loan at June 30, 2020 was \$8,833.

Years Ending June 30:	Business-type Activities	
	Principal	Interest
2021	\$ 3,030	\$ 227
2022	3,000	257
2023	2,803	454
Total	\$ 8,833	\$ 938

The Town of Maysville entered into a short-term loan with PNC Bank on July 24, 2019 in the amount of \$567,000 for the purpose of the purchase of construction of a wastewater treatment plant. The loan is for a 1-year period at 3.96%. The loan is to be paid off on July 24, 2020 using the proceeds of a 40-year USDA loan. The balance of the loan at June 30, 2020 was \$567,000.

Years Ending June 30:	Business-Type Activities	
	Principal	Interest
2021	\$ 567,000	\$ 11,227
Total	\$ 567,000	\$ 11,227

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**B - Liabilities (continued)**

6. Long-Term Obligations (continued)

b. General Obligation Indebtedness

Serviced by the Water and Sewer Fund:

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

Bonds payable at June 30, 2020 are comprised of the following individual issues:

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

Years Ending June 30:	Business-Type Activities	
	Principal	Interest
2021	\$ 8,875	\$ -
2022	8,859	-
2023	8,859	-
2024	8,859	-
2025	8,859	-
2026-2030	44,439	-
Total	<u>\$ 88,750</u>	<u>\$ -</u>

c. Changes in Debt

	Beginning Balances	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Direct placement installment purchase	\$ 314,419	\$ -	\$ 80,922	\$ 233,497	\$ 79,977
Compensated absences	12,468	-	140	12,328	5,000
Net pension liability (LGERS)	96,693	11,071	-	107,764	-
Total pension liability (LEO)	20,009	8,513	-	28,522	-
Governmental activity long-term liabilities	<u>\$ 443,589</u>	<u>\$ 19,584</u>	<u>\$ 81,062</u>	<u>\$ 382,111</u>	<u>\$ 84,977</u>
Business-type activities:					
Direct placement installment purchase	\$ 12,090	\$ 567,000	\$ 3,257	\$ 575,833	\$ 570,030
General obligation bonds	97,625	-	8,875	88,750	8,875
Compensated absences	7,946	-	339	7,607	3,000
Net pension liability (LGERS)	38,530	2,268	-	40,798	-
Business-type activity long-term liabilities	<u>\$ 156,191</u>	<u>\$ 569,268</u>	<u>\$ 12,471</u>	<u>\$ 712,988</u>	<u>\$ 581,905</u>

**Town of Maysville, North Carolina**  
**Notes to the Financial Statements (continued)**  
**June 30, 2020**

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

**C - Interfund Balances and Activity**

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

During the year, there was one transfer: \$129,596 from the General Fund to the WWTP Capital Project Fund for construction of the wastewater treatment plant.

**D - Fund Balance**

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

Total Fund Balance - General Fund	\$ 543,137
Less:	
Stabilization by State Statute	104,263
Public safety	387
Grant expenditures	37,688
Remaining Fund Balance	\$ 400,799

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

Federal and State Assisted Programs

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

**NOTE 5 - RESTATEMENT**

**Prior Period Adjustments**

During the fiscal year ended June 30, 2020, the Town determined that grant revenues in the prior year were posted in error. A \$450,000 grant award was posted as revenue before the qualifying expenditures had been made, which required a \$(450,000) adjustment to the beginning net position for the General Fund.

**NOTE 6 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through February 19, 2021, which is the date the financial statements were available to be issued.

## Required Supplementary Financial Data

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

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



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

**Local Government Employees' Retirement System**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Maysville' proportion of the net pension liability (asset) (%)	0.00544%	0.00570%	0.00441%	0.00170%	0.00450%	-0.00600%	-0.00460%
Maysville' proportion of the net pension liability (asset) (\$)	\$ 148,562	\$ 135,223	\$ 67,373	\$ 35,867	\$ 20,241	\$ (33,385)	\$ (55,448)
Maysville' covered-employee payroll	\$ 308,282	\$ 316,716	\$ 271,555	\$ 271,555	\$ 206,537	\$ 286,983	\$ 239,602
Maysville' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	48.19%	42.70%	24.81%	13.21%	9.80%	-11.63%	-23.14%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

**Local Government Employees' Retirement System**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 25,171	\$ 22,113	\$ 24,671	\$ 20,439	\$ 14,203	\$ 20,736	\$ 20,459
Contributions in relation to the contractually required contribution	<u>25,171</u>	<u>22,113</u>	<u>24,671</u>	<u>20,439</u>	<u>14,203</u>	<u>20,736</u>	<u>20,459</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Maysville' covered-employee payroll	\$ 274,090	\$ 308,282	\$ 316,716	\$ 271,555	\$ 271,555	\$ 206,537	\$ 286,983
Contributions as a percentage of covered-employee payroll	9.18%	7.17%	7.79%	7.53%	5.23%	10.04%	7.13%

**Town of Maysville, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 20,009	\$ 16,759	\$ 3,056	\$ 2,351
Service cost	3,100	2,995	2,360	759
Interest on the total pension liability	728	530	118	84
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	4,699	852	9,668	-
Changes of assumptions or other inputs	(14)	(1,127)	1,557	(138)
Benefit payments	-	-	-	-
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 28,522</u>	<u>\$ 20,009</u>	<u>\$ 16,759</u>	<u>\$ 3,056</u>

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

**Town of Maysville, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 28,522	\$ 20,009	\$ 16,759	\$ 3,056
Covered payroll	101,740	124,757	111,983	42,773
Total pension liability as a percentage of covered payroll	28.03%	16.04%	14.97%	7.14%

Notes to the schedules:

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

## **Individual Fund Statements and Schedules**

## **General Fund**

**Town of Maysville, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual**  
**For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
<b>Ad valorem taxes:</b>			
Current Year	\$	\$ 256,691	\$
Interest		3,287	
<b>Total</b>	<u>262,500</u>	<u>259,978</u>	<u>(2,522)</u>
<b>Unrestricted intergovernmental:</b>			
Local option sales taxes		104,172	
Utility franchise tax		38,969	
Beer/wine excise tax		8,912	
Telecommunications tax		4,154	
Video franchise fee		6,499	
<b>Total</b>	<u>156,700</u>	<u>162,706</u>	<u>6,006</u>
<b>Restricted intergovernmental:</b>			
Powell Bill allocation		33,777	
Unauthorized substances tax		4,214	
Byrne Jag grant		23,297	
Solid waste disposal tax		601	
<b>Total</b>	<u>57,892</u>	<u>61,889</u>	<u>3,997</u>
<b>Permits and fees:</b>			
Building permits		6,288	
NCDMV notary fees		22,980	
Police fees		893	
Other fees		3,389	
<b>Total</b>	<u>4,300</u>	<u>33,550</u>	<u>29,250</u>
<b>Sales and services:</b>			
Garbage collection fee		63,420	
NC LPA		50,122	
<b>Total</b>	<u>127,000</u>	<u>113,542</u>	<u>(13,458)</u>
<b>Miscellaneous:</b>			
Green recycling franchise fees		80,144	
Green recycling lease agreement		62,500	
Other		6,140	
<b>Total</b>	<u>121,582</u>	<u>148,784</u>	<u>27,202</u>
<b>Hurricane recovery:</b>			
FEMA		144,199	
NCORR grant		450,000	
Other grants		51,450	
<b>Total</b>	<u>637,896</u>	<u>645,649</u>	<u>7,753</u>
<b>Total revenues</b>	<u>\$ 1,367,870</u>	<u>\$ 1,426,098</u>	<u>\$ 58,228</u>

**Town of Maysville, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (continued)**  
**For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
<b>General government:</b>			
<b>Governing body:</b>			
Mayor and board salaries	\$	\$ 6,300	\$
Professional services		26,615	
<b>Total</b>	<u>39,580</u>	<u>32,915</u>	<u>6,665</u>
<b>Administration/Finance:</b>			
Salaries and employee benefits		67,965	
Telephone and postage		1,604	
Utilities		23,821	
Insurance and bonds		827	
Tax collection fees		11,760	
Building maintenance		6,439	
Advertising		1,281	
Dues and subscriptions		2,391	
Other operating expenditures		25,360	
Recreation park expenditures		21,242	
Capital outlay		73,007	
<b>Total</b>	<u>270,107</u>	<u>235,697</u>	<u>34,410</u>
<b>Total general government</b>	<u>309,687</u>	<u>268,612</u>	<u>41,075</u>
<b>Public safety:</b>			
<b>Police department:</b>			
Salaries and employee benefits		101,740	
Telephone and postage		2,678	
Vehicle maintenance/repair		8,754	
Supplies		8,655	
Other operating expenditures		28,849	
<b>Total</b>	<u>208,767</u>	<u>150,676</u>	<u>58,091</u>
<b>Fire department/rescue unit:</b>			
Assistance to local fire department unit		15,349	
<b>Total</b>	<u>15,400</u>	<u>15,349</u>	<u>51</u>
<b>Inspections:</b>			
Salaries and employee benefits		788	
<b>Total</b>	<u>1,265</u>	<u>788</u>	<u>477</u>
<b>Total public safety</b>	<u>\$ 225,432</u>	<u>\$ 166,813</u>	<u>\$ 58,619</u>



**Town of Maysville, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual (continued)**  
**For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Transportation:</b>			
Salaries and employee benefits	\$	\$ 37,688	\$
Supplies		4,156	
Contract services		752	
Maintenance and repairs		26,832	
<b>Total</b>	<u>96,211</u>	<u>69,428</u>	<u>26,783</u>
<b>Public service:</b>			
Garbage collection		62,185	
<b>Total</b>	<u>62,300</u>	<u>62,185</u>	<u>115</u>
<b>LPA:</b>			
Salaries and employee benefits		46,949	
Maintenance and repairs		570	
Other operating expense		3,047	
<b>Total</b>	<u>66,936</u>	<u>50,566</u>	<u>16,370</u>
<b>Hurricane recovery</b>	606,200	606,179	21
<b>Debt service:</b>			
Principal		80,922	
Interest		1,182	
<b>Total</b>	<u>82,104</u>	<u>82,104</u>	<u>-</u>
<b>Total expenditures</b>	<u>1,448,870</u>	<u>1,305,887</u>	<u>126,592</u>
<b>Revenues over (under) expenditures</b>	<u>(81,000)</u>	<u>120,211</u>	<u>201,211</u>
<b>Other financing sources (uses):</b>			
Insurance proceeds	-	506	506
Sales of capital assets	1,000	391	(609)
Transfer to the WWTP Project Fund	(129,596)	(129,596)	-
<b>Total</b>	<u>(128,596)</u>	<u>(128,699)</u>	<u>(103)</u>
<b>Fund balance appropriated</b>	209,596	-	209,596
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>(8,488)</u>	<u>\$ (8,488)</u>
<b>Fund balance, beginning as previously reported</b>		<u>1,001,625</u>	
<b>Prior period adjustment (Note 5)</b>		<u>(450,000)</u>	
<b>Fund balance, restated</b>		<u>551,625</u>	
<b>Fund balance, ending</b>		<u>\$ 543,137</u>	

## **Enterprise Fund**

**Town of Maysville, North Carolina**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non – GAAP)**  
**For the Year Ended June 30, 2020**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
<b>Charges for services:</b>			
Water & Sewer charges	\$	\$ 507,893	\$
Other operating revenues		3,123	
<b>Total</b>	486,000	511,016	25,016
<b>Non-operating revenues:</b>			
Sewer asset inventory grant		7,808	
NCDEQ grant		20,041	
<b>Total</b>	7,808	27,849	20,041
<b>Total revenues</b>	493,808	538,865	45,057
<b>Expenditures:</b>			
<b>Water and Sewer:</b>			
Salaries and employee benefits		94,957	
Supplies		27,191	
Repairs and maintenance		76,180	
Water purchases		98,648	
Utilities		34,387	
Professional services		78,858	
Principal retirement		12,132	
Other operating expenditures		24,849	
Nonoperating expenditures		17,803	
<b>Total</b>	493,808	465,005	28,803
<b>Total expenditures</b>	493,808	465,005	28,803
<b>Revenues over (under) expenditures</b>	\$ -	73,860	\$ 73,860
<b>Reconciliation from budgetary basis</b>			
<b>Revenues over (under) expenditures and other financing (uses)</b>		73,860	
<b>Reconciling items:</b>			
Principal retirement		12,132	
Capital outlay		-	
Decrease in accrued vacation pay		340	
Decrease in deferred outflows of resources - pensions		(4,279)	
Increase in net pension liability		(2,267)	
Increase in deferred inflows of resources -pensions		(241)	
Depreciation		(149,166)	
Capital contributions		806,402	
Transfers from General Fund to WWTP Project Fund		129,596	
<b>Total reconciling items</b>		792,517	
<b>Change in net position</b>		\$ 866,377	

**Town of Maysville, North Carolina**  
**WWTP Capital Project Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget and Actual**  
**From Inception and For the Year Ended June 30, 2020**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
USDA grant	\$ 852,000	\$ -	\$ 604,002	\$ 604,002	\$ 247,998
Golden LEAF grant	200,000	-	200,000	200,000	-
Local Contribution	2,400	-	2,400	2,400	-
<b>Total revenues</b>	<b>1,054,400</b>	<b>-</b>	<b>806,402</b>	<b>806,402</b>	<b>247,998</b>
<b>Expenditures:</b>					
Contingency	124,900	-	69,175	69,175	55,725
Administrative	56,151	-	39,702	39,702	16,449
Engineering	191,199	-	191,199	191,199	-
Construction and improvements	1,249,150	-	1,202,922	1,202,922	46,228
<b>Total expenditures</b>	<b>1,621,400</b>	<b>-</b>	<b>1,502,998</b>	<b>1,502,998</b>	<b>118,402</b>
<b>Revenue over (under) expenditures</b>	<b>(567,000)</b>	<b>-</b>	<b>(696,596)</b>	<b>(696,596)</b>	<b>(129,596)</b>
<b>Other financing sources:</b>					
Transfers from other funds:					
General Fund	-	-	129,596	129,596	129,596
USDA Loan proceeds	567,000	-	567,000	567,000	-
<b>Total other sources (uses)</b>	<b>567,000</b>	<b>-</b>	<b>696,596</b>	<b>696,596</b>	<b>129,596</b>
<b>Revenues and financing other sources (uses) over (under) expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund balance, beginning</b>			<b>-</b>		
<b>Fund balance, ending</b>			<b>\$ -</b>		

**Town of Maysville, North Carolina**  
**Fines and Forfeitures Agency Fund**  
**Statement of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2020**

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

**Town of Maysville, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2020**

<u>Fiscal Year</u>	<u>Uncollected Balances June 30, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balances June 30, 2020</u>
2019-2020	\$ -	\$ 262,083	\$ 248,736	\$ 13,347
2018-2019	12,360	-	8,409	3,951
2017-2018	4,611	-	2,165	2,446
2016-2017	4,107	-	941	3,166
2015-2016	2,837	-	505	2,332
2014-2015	2,143	-	491	1,652
2013-2014	2,417	-	76	2,341
2012-2013	2,095	-	-	2,095
2011-2012	2,226	-	41	2,185
2010-2011	1,825	-	43	1,782
2009-2010	1,555	-	-	1,555
	<u>\$ 36,176</u>	<u>\$ 262,083</u>	<u>\$ 261,407</u>	<u>\$ 36,852</u>

Less: allowance for uncollectible accounts - General Fund 11,527

**Ad valorem taxes receivable - net** \$ 25,325

**Reconciliation to revenues:**

Ad valorem taxes - General Fund	\$ 259,978
Interest and Penalties collected	(3,484)
Reconciling items:	
Taxes written off	4,913
<b>Total collections and credits</b>	<u><u>\$ 261,407</u></u>

**Town of Maysville, North Carolina**  
**Analysis of Current Tax Levy**  
**For the Year Ended June 30, 2020**

	Town-Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy</b>					
Property taxed at current year's rate	\$ 51,347,255	0.51	\$ 261,871	\$ 224,992	\$ 36,879
<b>Discoveries</b>					
Penalties			212	212	-
<b>Total property valuation</b>	<u>\$ 51,347,255</u>				
<b>Net levy</b>			262,083	225,204	36,879
<b>Uncollected taxes at June 30, 2020</b>			(13,347)	(13,347)	-
<b>Current year's taxes collected</b>			<u>\$ 248,736</u>	<u>\$ 211,857</u>	<u>\$ 36,879</u>
<b>Current levy collection percentage</b>			<u>94.91%</u>	<u>94.07%</u>	<u>100.00%</u>

## **Compliance Section**



# S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

## MEMBERS

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N. C. Association of CPAs

### **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

#### **Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Maysville, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises the Town of Maysville's basic financial statements and have issued our report thereon dated February 19, 2021.

#### Internal Control over Financial Reporting

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

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

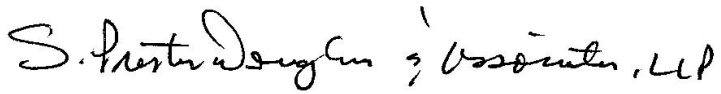
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses (items 2020-001, 2020-002, and 2020-003).

#### Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "S. Preston Douglas & Associates, LLP". The signature is written in a cursive style.

Lumberton, North Carolina  
February 19, 2021

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

CERTIFIED PUBLIC ACCOUNTANTS

## MEMBERS

American Institute of CPAs  
N. C. Association of CPAs

### **Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act**

#### **Independent Auditor's Report**

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

#### Report on Compliance for Each Major Federal Program

We have audited the Town of Maysville's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Maysville's major federal programs for the year ended June 30, 2020. The Town of Maysville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for compliance with Federal statutes and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Maysville's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Maysville's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

#### Opinion on Each Major State Program

In our opinion the Town of Maysville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

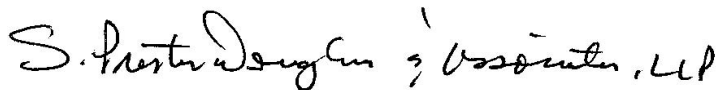
## Report on Internal Control Over Compliance

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

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

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

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

Handwritten signature of S. Preston Douglas, CPA. The signature is written in cursive and includes the name and the letters 'CPA' at the end.

Lumberton, North Carolina  
February 19, 2021

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

CERTIFIED PUBLIC ACCOUNTANTS

## MEMBERS

American Institute of CPAs  
N. C. Association of CPAs

### **Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act**

#### **Independent Auditor's Report**

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

#### Report on Compliance for Each Major State Program

We have audited the Town of Maysville's compliance with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Town's major State programs for the year ended June 30, 2020. The Town of Maysville's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

#### Management's Responsibility

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Maysville's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Maysville's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

#### Opinion on Each Major State Program

In our opinion, the Town of Maysville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2020.

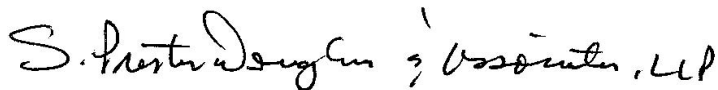
## Report on Internal Control Over Compliance

The management of the Town of Maysville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Maysville's internal control over compliance with the types of requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and correct, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Handwritten signature of S. Preston Douglas, CPA. The signature is written in cursive and includes the name and the letters 'CPA' at the end.

Lumberton, North Carolina  
February 19, 2021



**Town of Maysville, North Carolina**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended June 30, 2020**

<b>Section I. Summary of Auditor's Results (continued)</b>
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**State Awards**

Internal control over major State programs:

- Material weakness(es) identified? \_\_\_ yes      X   no
- Significant deficiency(s) identified that are not considered to be material weaknesses \_\_\_ yes      X   no

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) \_\_\_ yes      X   no

Identification of major State programs:

Names of State Program

State Grants for Financially Distressed Local Governments



**Town of Maysville, North Carolina**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended June 30, 2020**

<b>Section II. Financial Statement Findings</b>
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MATERIAL WEAKNESS

**Finding 2020-001      Segregation of Duties**

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

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

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

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

Repeat Finding:            This is a repeat finding from the immediate previous audit, 2019-002.

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

Views of responsible officials and planned corrective actions:

The Town agrees with the finding and agrees to adhere to the correction action plan on page 70.

**Town of Maysville, North Carolina**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended June 30, 2020**

**Section II. Financial Statement Findings (continued)**

MATERIAL WEAKNESS

**Finding 2020-002      Material Journal Entries**

Criteria:                      Transactions for transfers between funds and cash collections must be accounted for accurately.

Condition:                    Transfers between funds and cash collections from grant proceeds posted in error during the year. This was brought to management’s attention by the auditors, which resulted in material journal entries to year ended June 30, 2020 accounts.

Effect:                         The balance sheets and schedules of revenues and expenditures for the General Fund and Water and Sewer Fund contained material errors causing the financial information in these two funds to be less accurate. This would decrease the accuracy and reliability of the financial information provided to the Town’s Board of Commissioners who require an accurate assessment of the Town’s financial position on a routine basis.

Cause:                         Management did not do their conduct due diligence in their understanding of recording transfers between funds and recording of cash collections from grants received.

Repeat Finding:              This not a repeat finding.

Recommendation:            We recommend that the Town hires a third party to aid in the financial closing process at year end and for management and financial officers to attend governmental continuing education trainings to gain the expertise needed.

Views of responsible officials and planned corrective actions:

The Town agrees with the finding and agrees to adhere to the correction action plan on page 70.

**Town of Maysville, North Carolina**  
**Schedule of Findings and Questioned Costs (continued)**  
**For the Year Ended June 30, 2020**

<b>Section II. Financial Statement Findings (continued)</b>
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MATERIAL WEAKNESS

**Finding 2020-003      Bank Reconciliations**

Criteria:                      All bank accounts should be reconciled monthly to ensure proper internal controls over cash are maintained, and to ensure that management receives accurate and timely financial reports to make decisions with during the year.

Condition:                    For eleven months of the fiscal year, the Town’s main operating bank account was not reconciled in a timely manner. Therefore, accounting personnel could not provide management with financial reports that were accurate and timely.

Effect:                         Bank reconciliations serve as an important internal control over cash and can identify errors, irregularities, and other adjustments to improve accuracy of accounting records. When bank reconciliations are not performed on a timely basis there is a potential that the Town does not identify errors, irregularities, and other adjustments to accounting records on a timely basis.

Cause:                         Management did not provide proper oversight over the reconciliation of the bank statements during the year to ensure that the proper procedures were being followed in a timely manner.

Repeat Finding:              This not a repeat finding.

Recommendation:           We recommend that the Town implement procedures to ensure proper reconciliation of all bank accounts in an accurate and timely manner in future years and for management and financial officers to attend governmental continuing education trainings to gain the expertise needed.

Views of responsible officials and planned corrective actions:

The Town agrees with the finding and agrees to adhere to the correction action plan on page 70.



**Town of Maysville, North Carolina  
Corrective Action Plan  
For the Year Ended June 30, 2020**

MATERIALWEAKNESS

**Finding 2020-001                      Segregation of Duties**

Name of contact person:      Sholanthe' Gordon, Finance Director

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

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

MATERIALWEAKNESS

**Finding 2020-002                      Material Journal Entries**

Name of contact person:      Sholanthe' Gordon, Finance Director

Corrective Action                      The Finance Director will continue to train with accounting software and find courses to increase their knowledge of GAAP. The Finance Director is currently enrolled in a bookkeeping course.

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

MATERIALWEAKNESS

**Finding 2020-003                      Bank Reconciliations**

Name of contact person:      Sholanthe' Gordon, Finance Director

Corrective Action                      The Finance Director will reconcile all bank accounts within one month after month end.

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

**Town of Maysville, North Carolina**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2020**

Finding:	2019-001
Status:	The finding been corrected.
Finding:	2019-002
Status:	This finding has not been corrected. Duties are being separated as much as possible and alternative controls are being implemented to compensate for lack of separation.
Finding:	2018-001
Status:	The finding has not been corrected. Town personnel require additional training and experience.
Finding:	2018-002
Status:	This finding has not been corrected. Duties are being separated as much as possible and alternative controls are being implemented to compensate for lack of separation.
Finding:	2018-003
Status:	The finding has been corrected.
Finding:	2017-001
Status:	The finding has not been corrected. Town personnel require additional training and experience.
Finding:	2017-002
Status:	This finding has not been corrected. Duties are being separated as much as possible and alternative controls are being implemented to compensate for lack of separation.
Finding:	2017-003
Status:	The finding has been corrected.

**Town of Maysville, North Carolina  
Schedule of Federal and State Awards  
For the Year Ended June 30, 2020**

Grantor/Pass-through Grant/Program Title	Federal CFDA Number	Award Number/State Pass-through Grantor's Number	Federal (Direct Pass- through) Expenditures	State Expenditures
<b>Federal Grants:</b>				
<b>Direct Programs:</b>				
<u>US Department of Agriculture</u>				
Water and Waste Disposal Systems for Rural Communities	10.760		\$ 1,171,002	\$ -
Passed through the Golden Leaf Foundation	10.760		200,000	-
Total US Department of Agriculture			<u>1,371,002</u>	<u>-</u>
<u>US Department of Homeland Security</u>				
NC Department of Public Safety, FEMA Reimbursement Hurricane Florence		FEMA-4395-DR-NC	67,676	22,558
Total Federal assistance			<u>1,438,678</u>	<u>22,558</u>
<b>State Grants:</b>				
<b>Cash Assistance:</b>				
<u>N.C. Office of Recovery and Resiliency</u>				
State Grants for Financially Distressed Local Governments			-	450,000
<u>N.C. Department of Commerce</u>				
Hometown Strong Grant			-	52,200
Downtown Revitalization Grant		2018-020-1257-1534	-	15,527
Total N.C. Department of Commerce			<u>-</u>	<u>67,727</u>
<u>N.C. Department of Environmental Quality</u>				
Merger /Regionalization Feasibility Study		E-MRF-W-19-0019	-	9,995
<u>N.C. Department of Transportation</u>				
Powell Bill		DOT-4	-	33,777
Total State assistance			<u>-</u>	<u>561,499</u>
Total assistance			<u>\$ 1,438,678</u>	<u>\$ 584,057</u>

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

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of Federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Maysville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Maysville, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Maysville.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Indirect Cost Rate**

The Town of Maysville has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 4. Loans Outstanding**

The outstanding balance of USDA loan is \$567,000 at June 30, 2020.