

REVIEWED

By SLGFD at 5:55 pm, Jan 13, 2022

**Town of Maysville
Maysville, North Carolina**

Audited Financial Statements

Year Ended June 30, 2021

Town of Maysville, North Carolina

Audited Financial Statements

For the Year Ended June 30, 2021

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, 2021

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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, 2021, 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, 2021, 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 46 and 47, 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 48 and 49 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 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 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 November 30, 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.

Handwritten signature of S. Preston Doughton, Jr. in cursive script.

Lumberton, North Carolina
November 30, 2021

Management's Discussion and Analysis

Town of Maysville, North Carolina
Management's Discussion and Analysis
June 30, 2021

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, 2021. 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 \$7,070,469 (*net position*).

For the second straight year, the government's total net position showed a favorable increase. For the year ended June 30, 2021, the government's net position increased by \$642,336 compared to an increase of \$841,334 in the prior year. Two key factors that contributed to this fiscal year's increase was a \$315,443 decrease in total expenses compared to last fiscal year and grant revenues received in the WWTP Capital Project Fund totaling \$180,227.

As of the close of the current fiscal year, the Town of Maysville's governmental funds reported combined ending fund balances of \$897,409 with a net increase of \$354,272 in fund balance. Approximately 12.29% of this total fund balance, or \$110,281, was restricted.

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$787,128 or 68.02% of total General Fund expenditures for the fiscal year.

The Town of Maysville's total capital assets (net of accumulated depreciation) decreased by \$161,924 during the current fiscal year. The decrease was the result of continued depreciation expense on capital assets.

The Town of Maysville's total debt (excluding pension liabilities and compensated absences) decreased by \$88,356 during the current fiscal year.

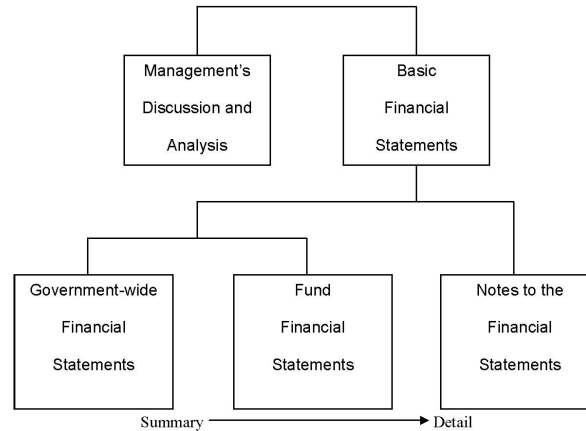
Overview of the Financial Statements

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, 2021

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, 2021

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 21-45 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 46 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, 2021

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
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,179,197	\$ 1,330,571	\$ 1,237,424	\$ 317,266	\$ 2,416,621	\$ 1,647,837
Capital assets	1,100,964	1,118,157	5,171,270	5,316,001	6,272,234	6,434,158
Total assets	2,280,161	2,448,728	6,408,694	5,633,267	8,688,855	8,081,995
Deferred Outflows of Resources	89,448	74,629	28,465	28,393	117,913	103,022
Current liabilities	120,136	141,784	87,494	677,421	207,630	819,205
Long-term liabilities	261,490	297,134	679,530	131,083	941,020	428,217
Total liabilities	381,626	438,918	767,024	808,504	1,148,650	1,247,422
Deferred Inflows of Resources	83,892	507,642	503,757	1,820	587,649	509,462
Net position						
Net investment in capital assets	944,343	884,660	4,518,167	4,651,418	5,462,510	5,536,078
Restricted	110,281	142,338	500,000	-	610,281	142,338
Unrestricted	849,467	549,799	148,211	199,918	997,678	749,717
Total net position	\$ 1,904,091	\$ 1,576,797	\$ 5,166,378	\$ 4,851,336	\$ 7,070,469	\$ 6,428,133

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 \$7,070,469 as of June 30, 2021.

The Town's net position increased by \$642,336. The largest portion of net position, \$5,462,510, 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, \$610,281, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$997,678 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 94.96% during the year, an increase from last year's rate of 94.91%.
- Expenses decreased by \$315,443 or 17.09% from the prior year.
- Revenues decreased by \$514,441 mostly attributed to a decrease of \$626,175 in capital grants.

Town of Maysville, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

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

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues						
Charges for services	\$ 157,776	\$ 141,522	\$ 532,697	\$ 511,016	\$ 690,473	\$ 652,538
Operating grants and contributions	690,429	702,723	-	-	690,429	702,723
Capital grants and contributions	-	-	180,227	806,402	180,227	806,402
General revenues						
Property taxes	271,724	260,652	-	-	271,724	260,652
Unrestricted intergovernmental	168,822	162,706	-	-	168,822	162,706
Other	161,181	91,884	9,654	10,046	170,835	101,930
Total revenues	1,449,932	1,359,487	722,578	1,327,464	2,172,510	2,686,951
Expenses:						
General government	201,850	221,331	-	-	201,850	221,331
Public safety	170,616	214,315	-	-	170,616	214,315
Transportation	114,905	75,622	-	-	114,905	75,622
Public services	66,647	81,383	-	-	66,647	81,383
LPA	68,492	54,922	-	-	68,492	54,922
Nondepartmental	498,417	606,179	-	-	498,417	606,179
Interest on long-term debt	1,711	1,182	-	-	1,711	1,182
Water and sewer	-	-	407,536	590,683	407,536	590,683
Total expenses	1,122,638	1,254,934	407,536	590,683	1,530,174	1,845,617
Increase (decrease) in net position before transfers	327,294	104,553	315,042	736,781	642,336	841,334
Transfers	-	(129,596)	-	129,596	-	-
Increase (decrease) in net position	327,294	(25,043)	315,042	866,377	642,336	841,334
Net position - beginning	1,576,797	1,601,840	4,851,336	3,984,959	6,428,133	5,586,799
Net position - ending	\$1,904,091	\$1,576,797	\$5,166,378	\$4,851,336	\$7,070,469	\$6,428,133

Governmental activities. Governmental activities increased the Town's net position by \$327,294 compared to a \$25,043 decrease last year. The governmental activities increase was primarily a result of increased revenue generation totaling \$90,445 as well as a \$132,296 decrease in nondepartmental expenses, which is primarily made up of grant related expenses.

Town of Maysville, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Government-wide Financial Analysis (continued)

Business-type activities. Business-type activities increased the Town's net position by \$315,042. Key elements of this increase in net position for the year are as follows:

- Grant revenues received in the WWTP Capital Project Fund totaled \$180,227.
- A decrease in expenses totaling \$183,147 compared to prior year.

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, unassigned 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 \$787,128 with a total fund balance of \$897,409. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 68.02% of total General Fund expenditures, while total fund balance represents 77.55% of that same amount.

At June 30, 2021, the governmental funds of the Town of Maysville reported a combined fund balance of \$897,409 with a net increase in fund balance of \$354,272.

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 \$148,211. 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, 2021

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, 2021, totals \$6,272,234 (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 equipment totaling \$42,772.

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

	Governmental Activities 2021	Governmental Activities 2020	Business-type Activities 2021	Business-type Activities 2020	Totals 2021	Totals 2020
Land	\$ 47,937	\$ 47,937	\$ 21,500	\$ 21,500	\$ 69,437	\$ 69,437
Construction in progress	-	-	1,512,813	1,512,813	1,512,813	1,512,813
Buildings and system	232,839	241,588	3,550,943	3,684,728	3,783,782	3,926,316
Equipment	110,903	80,551	73,975	86,193	184,878	166,744
Vehicles	-	7,656	12,039	10,588	12,039	18,244
Infrastructure	709,285	740,425	-	-	709,285	740,425
Total	\$ 1,100,964	\$ 1,118,157	\$ 5,171,270	\$ 5,315,822	\$ 6,272,234	\$ 6,433,979

Additional information on the Town's capital assets can be found in the notes on page 30 of this report.

Long-term debt. As of June 30, 2021, the Town of Maysville had total installment purchase debt outstanding of \$729,849. Of this, \$729,849 is debt backed by the full faith and credit of the Town.

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

	Governmental Activities 2021	Governmental Activities 2020	Business-type Activities 2021	Business-type Activities 2020	Totals 2021	Totals 2020
General obligation bonds	\$ -	\$ -	\$ 79,875	\$ 88,750	\$ 79,875	\$ 88,750
Direct placement installment purchase	156,621	233,497	573,228	575,833	729,849	809,330
Total	\$ 156,621	\$ 233,497	\$ 653,103	\$ 664,583	\$ 809,724	\$ 898,080

The Town of Maysville's Outstanding Debt. The Town of Maysville's total debt excluding pension related debt decreased by \$88,356 (9.84%) during the past fiscal year due to continued payments of long-term debt.

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 \$4,068,643.

Additional information regarding the Town of Maysville's long-term debt can be found in page 42 of this report.

Town of Maysville, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2021

Economic Factors and Next Year's Budgets and Rates

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

- The newly constructed Highway 17 by-pass should bring some economic opportunities to the Town.
- Ten new homes are scheduled to be built in 2022.
- A 400-unit Campground on the lakes will be development in 2022.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: Property tax revenues remained at a \$0.51 tax rate per hundred-dollar valuation. Solid waste revenue will increase due to an increase in fees solid waste fees.

Business-type Activities: Revenues from NCDEQ grant totaling \$500,000 will be spent in FY22.

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 or send an email to maysville_tc@bizec.rr.com for more information.

Basic Financial Statements

Town of Maysville, North Carolina
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 899,739	\$ 571,997	\$ 1,471,736
Taxes receivable, net	27,511	-	27,511
Accounts receivables, net	12,443	102,206	114,649
Due from other governments	91,805	20,943	112,748
Prepaid items	-	3,747	3,747
Current portion of notes receivable	50,000	-	50,000
Restricted cash and cash equivalents	-	544,564	544,564
Internal balances	6,033	(6,033)	-
Total current assets	<u>1,087,531</u>	<u>1,237,424</u>	<u>2,324,955</u>
Non-current assets:			
Non-current portion of notes receivable	91,666	-	91,666
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	1,053,027	3,636,957	4,689,984
Total capital assets	<u>1,100,964</u>	<u>5,171,270</u>	<u>6,272,234</u>
Total assets	<u>2,280,161</u>	<u>6,408,694</u>	<u>8,688,855</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	89,448	28,465	117,913
Total deferred outflows of resources	<u>89,448</u>	<u>28,465</u>	<u>117,913</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	51,833	17,055	68,888
Current portion of long-term liabilities	63,303	22,875	86,178
Compensated absences	5,000	3,000	8,000
Payable from restricted assets:			
Customer deposits	-	44,564	44,564
Total current liabilities	<u>120,136</u>	<u>87,494</u>	<u>207,630</u>
Long-term liabilities:			
Net pension liability	110,880	41,348	152,228
Total pension liability	46,079	-	46,079
Compensated absences	11,213	7,954	19,167
Due in more than one year	93,318	630,228	723,546
Total liabilities	<u>381,626</u>	<u>767,024</u>	<u>1,148,650</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	23,114	3,757	26,871
Deferred revenue - grant proceeds	60,778	500,000	560,778
Total deferred inflows of resources	<u>83,892</u>	<u>503,757</u>	<u>587,649</u>
NET POSITION			
Net investment in capital assets	944,343	4,518,167	5,462,510
Restricted for:			
Stabilization by State Statute	110,281	-	110,281
Restricted for grant requirements	-	500,000	500,000
Unrestricted	849,467	148,211	997,678
Total net position	<u>\$ 1,904,091</u>	<u>\$ 5,166,378</u>	<u>\$ 7,070,469</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, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary government:								
Governmental Activities:								
General government	\$ 201,850	\$ -	\$ -	\$ -	\$ (201,850)	\$ -	\$ (201,850)	
Public safety	170,616	-	34,195	-	(136,421)	-	(136,421)	
Transportation	114,905	-	33,466	-	(81,439)	-	(81,439)	
Public services	66,647	68,280	-	-	1,633	-	1,633	
LPA	68,492	89,496	-	-	21,004	-	21,004	
Nondepartmental	498,417	-	622,768	-	124,351	-	124,351	
Interest on long-term debt	1,711	-	-	-	(1,711)	-	(1,711)	
Total governmental activities	1,122,638	157,776	690,429	-	(274,433)	-	(274,433)	
Business-type activities:								
Water and sewer	407,536	532,697	-	180,227	-	305,388	305,388	
Total business-type activities	407,536	532,697	-	180,227	-	305,388	305,388	
Total primary government	\$ 1,530,174	\$ 690,473	\$ 690,429	\$ 180,227	(274,433)	305,388	30,955	
General revenues:								
Taxes:								
Property taxes, levied for general purpose					271,724	-	271,724	
Unrestricted intergovernmental					168,822	-	168,822	
Miscellaneous, unrestricted					161,181	9,654	170,835	
Total general revenues not including transfers					601,727	9,654	611,381	
Transfers					-	-	-	
Total general revenues and transfers					601,727	9,654	611,381	
Change in net position					327,294	315,042	642,336	
Net position, beginning					1,576,797	4,851,336	6,428,133	
Net position, ending					\$ 1,904,091	\$ 5,166,378	\$ 7,070,469	

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

Town of Maysville, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

	<u>Major Fund</u> <u>General Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 899,739	\$ 899,739
Receivables, net:		
Taxes	27,511	27,511
Accounts	12,443	12,443
Due from other governments	91,805	91,805
Due from other funds	6,033	6,033
Total assets	<u><u>\$ 1,037,531</u></u>	<u><u>\$ 1,037,531</u></u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 51,833	\$ 51,833
Total liabilities	<u><u>51,833</u></u>	<u><u>51,833</u></u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Property taxes receivable	27,511	27,511
Deferred revenue - NCORR grant	60,778	60,778
Total deferred inflows of resources	<u><u>88,289</u></u>	<u><u>88,289</u></u>
<u>FUND BALANCES</u>		
Restricted:		
Stabilization by State Statute	110,281	110,281
Unassigned	787,128	787,128
Total fund balances	<u><u>897,409</u></u>	<u><u>897,409</u></u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,037,531</u></u>	<u><u>\$ 1,037,531</u></u>

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

Town of Maysville, North Carolina
Balance Sheet
Governmental Funds (continued)
June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance, Governmental Funds	\$	897,409
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		
Gross capital assets at historical cost	\$	1,915,328
Accumulated depreciation	<u>(814,364)</u>	1,100,964
Deferred outflows of resources related to pensions are not reported in the funds.		89,448
Earned revenues considered deferred inflows of resources in fund statements.		27,511
Other long-term assets are not available to pay for current-period expenditures and therefore are inflows of resources in the funds		141,666
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Compensated absences	\$	(16,213)
Long-term debt	(156,621)	
Total pension liability	(46,079)	
Net pension liability	<u>(110,880)</u>	(329,793)
Deferred inflows of resources related to pension are not reported in the funds.		<u>(23,114)</u>
Net position of governmental activities	\$	<u>1,904,091</u>

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

Town of Maysville, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2021

	<u>Major Fund</u> <u>General Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:		
Ad valorem taxes	\$ 269,538	\$ 269,538
Unrestricted intergovernmental	168,822	168,822
Restricted intergovernmental	77,042	77,042
Permits and fees	34,393	34,393
Sales and services	157,776	157,776
Grants	622,768	622,768
Miscellaneous	155,805	155,805
Total revenues	<u>1,486,144</u>	<u>1,486,144</u>
Expenditures:		
Current:		
General government	186,404	186,404
Public safety	125,180	125,180
Transportation	151,818	151,818
Public services	50,787	50,787
LPA	66,077	66,077
Nondepartmental	498,417	498,417
Debt service:		
Principal retirement	76,876	76,876
Interest	1,711	1,711
Total expenditures	<u>1,157,270</u>	<u>1,157,270</u>
Excess (deficiency) of revenues		
 over expenditures	<u>328,874</u>	<u>328,874</u>
Other financing sources (uses)		
Jones-Onslow Electric pass-thru payment	500,000	500,000
Green Recycling pass-thru payment	(500,000)	(500,000)
Sales of capital assets	3,898	3,898
Insurance proceeds	21,500	21,500
Total other financing sources (uses)	<u>25,398</u>	<u>25,398</u>
Net change in fund balance	354,272	354,272
Fund balance, beginning	543,137	543,137
Fund balance, ending	<u>\$ 897,409</u>	<u>\$ 897,409</u>

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

Town of Maysville, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

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

Net changes in fund balances - total governmental funds	\$	354,272
<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	42,772	
Depreciation expense for governmental assets	<u>(59,965)</u>	(17,193)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		28,176
Payments on note receivable not included in the Statement of Activities		(63,636)
<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		2,187
<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>76,876</u>	76,876
<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	(3,885)	
Pension expense	<u>(49,503)</u>	(53,388)
Total changes in net position of governmental activities	\$	<u>327,294</u>

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

Town of Maysville, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 247,300	\$ 247,300	\$ 269,538	\$ 22,238
Unrestricted intergovernmental	150,700	150,700	168,822	18,122
Restricted intergovernmental	69,244	69,244	77,042	7,798
Permits and fees	31,800	31,800	34,393	2,593
Sales and services	121,000	121,000	157,776	36,776
Grants	500,000	591,571	622,768	31,197
Miscellaneous	141,414	141,414	155,805	14,391
Total revenues	<u>1,261,458</u>	<u>1,353,029</u>	<u>1,486,144</u>	<u>133,115</u>
Expenditures:				
Current:				
General government	121,847	277,626	186,404	91,222
Public safety	225,494	225,494	125,180	100,314
Transportation	151,826	151,826	151,818	8
Public service	59,361	59,361	50,787	8,574
LPA	66,077	66,077	66,077	-
Nondepartmental	577,341	577,341	498,417	78,924
Debt service:				
Principal retirement	80,301	80,301	76,876	3,425
Interest	1,711	1,711	1,711	-
Total expenditures	<u>1,283,958</u>	<u>1,439,737</u>	<u>1,157,270</u>	<u>282,467</u>
Revenues over (under) expenditures	<u>(22,500)</u>	<u>(86,708)</u>	<u>328,874</u>	<u>415,582</u>
Other financing sources (uses):				
Jones-Onslow Electric pass-thru payment	-	500,000	500,000	-
Green Recycling pass-thru payment	-	(500,000)	(500,000)	-
Insurance proceeds	21,500	15,708	21,500	5,792
Sales of capital assets	1,000	1,000	3,898	2,898
Total other financing sources (uses)	<u>22,500</u>	<u>16,708</u>	<u>25,398</u>	<u>8,690</u>
Fund balance appropriated	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>(70,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>354,272</u>	<u>\$ 354,272</u>
Fund balance, beginning			<u>543,137</u>	
Fund balance, ending			<u>\$ 897,409</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, 2021

<u>ASSETS</u>	<u>Water and Sewer Fund</u>
Current assets:	
Cash and cash equivalents	\$ 571,997
Accounts receivable, net	102,206
Due from other governments	20,943
Prepaid items	3,747
Restricted cash	544,564
Total current assets	1,243,457
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	1,534,313
Other capital assets, net of depreciation	3,636,957
Total noncurrent assets	5,171,270
Total assets	6,414,727
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension deferrals	28,465
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable and accrued liabilities	17,055
Due to other funds	6,033
Compensated absences - current	3,000
General obligation bonds payable - current	8,875
Installment loan - current	14,000
Liabilities payable from restricted assets:	
Customer deposits	44,564
Total current liabilities	93,527
Noncurrent liabilities:	
Net pension liability	41,348
Compensated absences - noncurrent	7,954
General obligation bonds payable - noncurrent	71,000
Installment loan - noncurrent	559,228
Total noncurrent liabilities	679,530
Total liabilities	773,057
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension deferrals	3,757
Deferred revenue - NCDEQ grant	500,000
Total deferred inflow of resources	503,757
<u>NET POSITION</u>	
Net investment in capital assets	4,518,167
Restricted for grant requirements	500,000
Unrestricted	148,211
Total net position	\$ 5,166,378

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, 2021

	<u>Water and Sewer Fund</u>
Operating revenues:	
Charges for services	\$ 532,697
Total operating revenues	<u>532,697</u>
Operating expenses:	
Water:	
Personnel	121,607
Water and sewer operations	136,378
Depreciation	149,551
Total operating expenses	<u>407,536</u>
Operating income (loss)	<u>125,161</u>
Nonoperating revenues (expenses):	
Interest income	45
Other revenues	73,180
Nonoperating expenses	(63,571)
Total nonoperating revenues (expenses)	<u>9,654</u>
Income (loss) before contributions and transfers	134,815
Capital contributions	180,227
Change in net position	315,042
Total net position, beginning	4,851,336
Total net position, ending	<u><u>\$ 5,166,378</u></u>

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

Town of Maysville, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2021

	<u>Water and Sewer Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 520,697
Cash paid for goods and services	(171,898)
Cash paid to employees	(115,845)
Net cash provided (used) by operating activities	<u>232,954</u>
Cash flows from non-capital financing activities	
Noncapital grant income	9,609
Deferred grant income received	500,000
Increase in due from other funds	(3,224)
Transfers from other funds	-
Net cash provided (used) by non-capital financing activities	<u>506,385</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(5,000)
Capital contributions	180,227
Issuance of long term debt	567,000
Principal paid on bond maturities	(578,480)
Net cash provided (used) by non-capital financing activities	<u>163,747</u>
Cash flows from investing activities	
Interest on investments	45
Net cash provided (used) by investing activities	<u>45</u>
Net increase (decrease) in cash	903,131
Cash and cash equivalents - beginning of year	<u>213,430</u>
Cash and cash equivalents - end of year	<u>\$ 1,116,561</u>
 Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 125,161
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities -	
Depreciation	149,551
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(12,575)
(Increase) decrease in due from other governments	(1,228)
Increase (decrease) in accounts payable and accrued liabilities	(35,520)
Increase (decrease) in compensated absences payable	3,347
(Increase) decrease in deferred outflows of resources for pensions	(72)
Increase (decrease) in deferred inflows of resources for pensions	1,937
Increase (decrease) in net pension liability	550
Increase (decrease) in customer deposits	1,803
Total adjustments	<u>107,793</u>
Net cash provided (used) by operating activities	<u>\$ 232,954</u>

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, 2021

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. The town has no fiduciary funds to report. 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, 2021

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, 2021

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, 2021, 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, 2021

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.

Business-type Activities:

Water and Sewer Fund:

Customer deposits	44,564
Grant expenditures	500,000
Total Business-type Activities	<u>544,564</u>
Total Restricted Cash	<u>\$ 544,564</u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2020. 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, 2021

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 2021 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, 2021

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 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, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Net Position / Fund Balances (continued)

Fund Balances (continued)

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

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

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

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

12. Defined Benefit Cost-Sharing Plans

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Noncompliance with North Carolina General Statutes

None.

2. Contractual Violations

None

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

None

Town of Maysville, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

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, 2021, the Town's deposits had a carrying amount of \$2,016,200 and a bank balance of \$1,988,158. Of the bank balance, \$250,000 was covered by federal depository insurance. At June 30, 2021, the Town's cash on hand totaled \$100.

2. Accounts Receivable

Receivables at the government-wide level at June 30, 2021 were as follows:

Governmental Activities:

General Fund:

Taxes	\$	27,511
Accounts		12,443
Due from other governments		91,805
Total governmental activities		131,759

Business-type Activities:

Water and Sewer Fund:

Accounts		102,206
Due from other governments		20,943
Total business-type activities		123,149
Total receivables	\$	254,908

Town of Maysville, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

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, 2021 are net of the following allowance for doubtful accounts:

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

4. Note Receivables

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

At June 30, 2021, 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>
2022	\$ 50,000	-	\$ 50,000
2023	50,000	-	50,000
2024	<u>41,666</u>	<u>-</u>	<u>41,666</u>
Total	<u><u>\$ 141,666</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 141,666</u></u>

Town of Maysville, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

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, 2021, was as follows:

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 47,937	\$ -	\$ -	\$ 47,937
Total capital assets not being depreciated	47,937	-	-	47,937
Capital assets being depreciated:				
Buildings	347,377	-	-	347,377
Equipment	323,435	42,772	-	366,207
Infrastructure	934,208	-	-	934,208
Vehicles	219,599	-	-	219,599
Total capital assets being depreciated	1,824,619	42,772	-	1,867,391
Less accumulated depreciation for:				
Buildings	105,789	8,749	-	114,538
Equipment	242,884	12,420	-	255,304
Infrastructure	193,783	31,140	-	224,923
Vehicles	211,943	7,656	-	219,599
Total accumulated depreciation	754,399	\$ 59,965	\$ -	814,364
Total capital assets being depreciated, net	1,070,220			1,053,027
Governmental activities capital assets, net	\$ 1,118,157			\$ 1,100,964

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

General government	\$ 7,707
Public safety	31,344
Transportation	5,859
Public services	15,055
Total depreciation expense	<u>\$ 59,965</u>

Town of Maysville, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

A - Assets (continued)

4. Capital Assets (continued)

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Water fund:				
Capital assets not being depreciated:				
Land	\$ 21,500	\$ -	\$ -	\$ 21,500
CIP	1,512,813	-	-	1,512,813
Total capital assets not being depreciated	1,534,313	-	-	1,534,313
Capital assets being depreciated:				
Plant and distribution systems	5,905,822	-	-	5,905,822
Vehicles	25,761	5,000	-	30,761
Equipment	389,193	-	-	389,193
Total capital assets being depreciated	6,320,776	5,000	-	6,325,776
Less accumulated depreciation for:				
Plant and distribution systems	2,221,094	133,784	-	2,354,879
Vehicles	15,173	3,549	-	18,722
Equipment	303,000	12,218	-	315,218
Total accumulated depreciation	2,539,267	\$ 149,551	\$ -	2,688,819
Total capital assets being depreciated, net	3,781,509			3,636,957
Water fund capital assets, net	\$ 5,315,822			\$ 5,171,270

B - Liabilities

1. Payables

Payables at the government-wide level at June 30, 2021 were as follows:

Governmental activities:	
General Fund	\$ 51,833
Business-type activities:	
Water and Sewer Fund	17,055
Total payables	<u>\$ 68,888</u>

Town of Maysville, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of 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, 2021, 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 \$33,148 for the year ended June 30, 2021.

Town of Maysville, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

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, 2021, the Town reported a liability of \$152,228 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the Town's proportion was 0.00426%, which was a decrease of 0.00118 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$49,248. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,224	\$ -
Changes of assumptions	11,329	-
Net difference between projected and actual earnings on pension plan investments	21,422	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	7,812	21,549
Town contributions subsequent to the measurement date	33,148	-
Total	<u>\$ 92,935</u>	<u>\$ 21,549</u>

\$33,148 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 13,677
2023	13,945
2024	4,275
2025	6,340
2026	-
Thereafter	-

Town of Maysville, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

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, 2019 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, 2019 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, 2020 are summarized in the following table:

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

Town of Maysville, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

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 2019 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:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 308,854	\$ 152,228	\$ 22,061

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report 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, 2021

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, 2019, the Separation Allowance's membership consisted of:

Active plan members	2
Total	<u>2</u>

2. Summary of Significant Accounting Policies

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

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 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, 2019.

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, 2021

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, 2021, the Town reported a total pension liability of \$46,079. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$7,972.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,572	\$ 4,692
Changes of assumptions and other inputs	18,406	630
Total	<u>\$ 24,978</u>	<u>\$ 5,322</u>

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

Year ended June 30:

2022	\$ 4,424
2023	4,440
2024	3,547
2025	2,740
2026	2,304
Thereafter	2,201

Town of Maysville, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

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 1.93%, 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 (0.93%) or 1-percentage-point higher (2.93%) than the current rate:

	1% Decrease (0.93%)	Current Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 51,065	\$ 46,079	\$ 41,576
2021			
Beginning balance		\$ 28,522	
Service cost		2,288	
Interest on the total pension liability		930	
Differences between expected and actual experience in the measurement of the total pension liability		(5,462)	
Changes of assumptions or other inputs		19,801	
Ending balance of the total pension liability		<u>\$ 46,079</u>	

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

The actuarial assumptions used in the December 31, 2019 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, 2021

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	\$ 49,248	\$ 7,972	\$ 57,220
Pension Liability	152,228	46,079	198,307
Proportionate share of the net pension liability	0.00426%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	19,224	6,572	25,796
Changes of assumptions	11,329	18,406	29,735
Net difference between projected and actual earnings on plan investments	21,422	-	21,422
Changes in proportion and differences between contributions and proportionate share of contributions	7,812	-	7,812
Benefit payments and administrative costs paid subsequent to the measurement date	33,148	-	33,148
Deferred of Inflows of Resources			
Difference between expected and actual experience	-	4,692	4,692
Changes of assumptions	-	630	630
Net difference between projected and actual earnings on Changes in proportion and differences between contributions and proportionate share of contributions	21,549	-	21,549

Town of Maysville, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

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 Annual Financial Report for the State of North Carolina. The State's Annual Financial Report 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, 2021 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, 2021 was \$1,458.

2. Other Employment Benefits

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

3. Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Contributions made to the plan in the current year	\$ 33,148
Benefit payments and administrative expenses for	
Differences between expected and actual experience	25,796
Changes of assumptions	29,735
Net difference between projected and actual earnings on	
pension plan investments	21,422
Changes in proportion and differences between Town	
contributions and proportionate share of contributions	7,812
Total	<u>\$ 117,913</u>

Town of Maysville, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

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:

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable, less penalties (General Fund)	\$ -	\$ 27,511
Grants awarded and received but unspent	560,778	60,778
Changes in assumptions	630	-
Differences between expected and actual experience	4,692	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,549	-
Total	<u>\$ 587,649</u>	<u>\$ 88,289</u>

4. Risk Management

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

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

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

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

5. Claims, Judgments, and Contingent Liabilities

At June 30, 2021, 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, 2021

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 19th through the 24th month shall be in the amount of \$1,515 per month. Payments for the 25th through the 84th month shall be in the amount of \$5,682 per month. Payments for the 85th through the 120th and the last month shall be in the amount of \$4,167. The balance of the loan at June 30, 2021 was \$140,150.

Annual debt service payments as of June 30, 2021 are as follows:

Years Ending June 30:	Governmental-Type Activities	
	Principal	Interest
2022	\$ 50,000	\$ -
2023	50,000	-
2024	40,150	-
Total	<u>\$ 140,150</u>	<u>\$ -</u>

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, 2021 was \$10,243.

Annual debt service payments as of June 30, 2021 are as follows:

Years Ending June 30:	Governmental-Type Activities	
	Principal	Interest
2022	\$ 10,243	\$ 1,165
Total	<u>\$ 10,243</u>	<u>\$ 1,165</u>

Town of Maysville, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

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, 2021 was \$6,228.

Years Ending June 30:	Governmental-Type Activities	
	Principal	Interest
2022	\$ 3,000	\$ 257
2023	3,228	454
Total	<u>\$ 6,228</u>	<u>\$ 711</u>

Serviced by the Water and Sewer Fund:

The Town of Maysville entered into a direct placement installment purchase contract with BB&T on October 2, 2017 in the amount of \$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, 2021 was \$6,228.

Years Ending June 30:	Business-type Activities	
	Principal	Interest
2022	\$ 3,000	\$ 257
2023	3,228	454
Total	<u>\$ 6,228</u>	<u>\$ 711</u>

The Town of Maysville entered into a revenue bond with the United States Department of Agriculture on July 22, 2020 in the amount of \$567,000 for the purpose of the construction of the Wastewater Treatment Plant. The loan is for a 40-year period at 1.125%. The balance of the loan at June 30, 2021 was \$567,000.

Years Ending June 30:	Business-Type Activities	
	Principal	Interest
2022	\$ 11,000	\$ 5,487
2023	12,000	6,255
2024	12,000	6,131
2025	12,000	5,996
2026	12,000	5,861
2027-2031	61,000	27,280
2032-2036	65,000	23,792
2037-2041	70,000	20,068
2042-2046	73,000	16,771
2047-2051	77,000	13,240
2052-2056	82,000	11,124
2057-2061	80,000	2,080
Total	<u>\$ 567,000</u>	<u>\$ 144,085</u>

Town of Maysville, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

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, 2021 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
2022	\$ 8,875	\$ -
2023	8,859	-
2024	8,859	-
2025	8,859	-
2026	8,859	-
2027-2030	35,564	-
Total	<u>\$ 79,875</u>	<u>\$ -</u>

c. Changes in Debt

	Beginning Balances	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Direct placement installment purchase	\$ 233,497	\$ -	\$ 76,876	\$ 156,621	\$ 63,303
Compensated absences	12,328	3,885	-	16,213	5,000
Net pension liability (LGERS)	107,764	3,116	-	110,880	-
Total pension liability (LEO)	<u>28,522</u>	<u>17,557</u>	<u>-</u>	<u>46,079</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 382,111</u>	<u>\$ 24,558</u>	<u>\$ 76,876</u>	<u>\$ 329,793</u>	<u>\$ 68,303</u>
Business-type activities:					
Direct placement installment purchase	\$ 575,833	\$ 567,000	\$ 569,605	\$ 573,228	\$ 14,000
General obligation bonds	88,750	-	8,875	79,875	8,875
Compensated absences	7,607	3,347	-	10,954	3,000
Net pension liability (LGERS)	<u>40,798</u>	<u>550</u>	<u>-</u>	<u>41,348</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 712,988</u>	<u>\$ 570,897</u>	<u>\$ 578,480</u>	<u>\$ 705,405</u>	<u>\$ 25,875</u>

Town of Maysville, North Carolina
Notes to the Financial Statements (continued)
June 30, 2021

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 were no transfers between funds.

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	\$ 897,409
Less:	
Stabilization by State Statute	110,281
Remaining Fund Balance	\$ 787,128

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 5 - SUBSEQUENT EVENTS

Subsequent events were evaluated through November 30, 2021, which is the date the financial statements were available to be issued.

Required Supplementary Financial Data

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 Eight Fiscal Years

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Maysville' proportion of the net pension liability (asset) (%)	0.00426%	0.00544%	0.00570%	0.00441%	0.00170%	0.00450%	-0.00600%	-0.00460%
Maysville' proportion of the net pension liability (asset) (\$)	\$ 152,228	\$ 148,562	\$ 135,223	\$ 67,373	\$ 35,867	\$ 20,241	\$ (33,385)	\$ (55,448)
Maysville' covered-employee payroll	\$ 274,090	\$ 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	55.54%	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%	96.45%

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

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 33,148	\$ 25,171	\$ 22,113	\$ 24,671	\$ 20,439	\$ 14,203	\$ 20,736	\$ 20,459
Contributions in relation to the contractually required contribution	33,148	25,171	22,113	24,671	20,439	14,203	20,736	20,459
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Maysville' covered-employee payroll	\$ 320,482	\$ 274,090	\$ 308,282	\$ 316,716	\$ 271,555	\$ 271,555	\$ 206,537	\$ 286,983
Contributions as a percentage of covered-employee payroll	10.34%	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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 28,522	\$ 20,009	\$ 16,759	\$ 3,056	\$ 2,351
Service cost	2,288	3,100	2,995	2,360	759
Interest on the total pension liability	930	728	530	118	84
Differences between expected and actual experience in the measurement of the total pension liability	(5,462)	4,699	852	9,668	-
Changes of assumptions or other inputs	19,801	(14)	(1,127)	1,557	(138)
Ending balance of the total pension liability	<u>\$ 46,079</u>	<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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 46,079	\$ 28,522	\$ 20,009	\$ 16,759	\$ 3,056
Covered payroll	82,430	101,740	124,757	111,983	42,773
Total pension liability as a percentage of covered payroll	55.90%	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, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Current Year	\$	\$ 266,150	\$
Interest		3,388	
Total	<u>247,300</u>	<u>269,538</u>	<u>22,238</u>
Unrestricted intergovernmental:			
Local option sales taxes		117,010	
Utility franchise tax		36,886	
Beer/wine excise tax		4,273	
Telecommunications tax		4,154	
Video franchise fee		6,499	
Total	<u>150,700</u>	<u>168,822</u>	<u>18,122</u>
Restricted intergovernmental:			
Powell Bill allocation		33,466	
Unauthorized substances tax		8,645	
Byrne Jag grant		34,195	
Solid waste disposal tax		736	
Total	<u>69,244</u>	<u>77,042</u>	<u>7,798</u>
Permits and fees:			
Building permits		8,899	
NCDMV notary fees		22,847	
Police fees		511	
Other fees		2,136	
Total	<u>31,800</u>	<u>34,393</u>	<u>2,593</u>
Sales and services:			
Garbage collection fee		68,280	
NC LPA		89,496	
Total	<u>121,000</u>	<u>157,776</u>	<u>36,776</u>
Miscellaneous:			
Green recycling franchise fees		67,190	
Green recycling lease agreement		63,636	
Other		24,979	
Total	<u>141,414</u>	<u>155,805</u>	<u>14,391</u>
Grants:			
FEMA		91,975	
NCORR grant		439,222	
CARES Act		91,571	
Total	<u>591,571</u>	<u>622,768</u>	<u>31,197</u>
Total revenues	<u>\$ 1,353,029</u>	<u>\$ 1,486,144</u>	<u>\$ 133,115</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Governing body:			
Mayor and board salaries	\$	\$ 6,300	\$
Professional services		6,994	
Total	<u>25,591</u>	<u>13,294</u>	<u>12,297</u>
Administration/Finance:			
Salaries and employee benefits		88,884	
Telephone and postage		2,225	
Utilities		13,109	
Tax collection fees		11,617	
Building maintenance		12,952	
Advertising		1,137	
Dues and subscriptions		1,349	
Other operating expenditures		41,837	
Total	<u>252,035</u>	<u>173,110</u>	<u>78,925</u>
Total general government	<u>277,626</u>	<u>186,404</u>	<u>91,222</u>
Public safety:			
Police department:			
Salaries and employee benefits		53,716	
Telephone and postage		1,502	
Vehicle maintenance/repair		2,583	
Supplies		6,881	
Other operating expenditures		45,778	
Total	<u>209,678</u>	<u>110,460</u>	<u>99,218</u>
Fire department/rescue unit:			
Assistance to local fire department unit		13,904	
Total	<u>15,000</u>	<u>13,904</u>	<u>1,096</u>
Inspections:			
Salaries and employee benefits		816	
Total	<u>816</u>	<u>816</u>	<u>-</u>
Total public safety	<u>\$ 225,494</u>	<u>\$ 125,180</u>	<u>\$ 100,314</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, 2021

	Budget	Actual	Variance Positive (Negative)
Transportation:			
Salaries and employee benefits	\$	\$ 29,294	\$
Supplies		4,156	
Contract services		13,711	
Maintenance and repairs		61,885	
Capital outlay		42,772	
Total	<u>151,826</u>	<u>151,818</u>	<u>8</u>
Public service:			
Garbage collection		50,787	
Total	<u>59,361</u>	<u>50,787</u>	<u>8,574</u>
LPA:			
Salaries and employee benefits		65,347	
Maintenance and repairs		318	
Other operating expense		412	
Total	<u>66,077</u>	<u>66,077</u>	<u>-</u>
Nondepartmental:			
Other operating expenditures		498,417	
Total	<u>577,341</u>	<u>498,417</u>	<u>78,924</u>
Debt service:			
Principal		76,876	
Interest		1,711	
Total	<u>82,012</u>	<u>78,587</u>	<u>3,425</u>
Total expenditures	<u>1,439,737</u>	<u>1,157,270</u>	<u>203,543</u>
Revenues over (under) expenditures	<u>(86,708)</u>	<u>328,874</u>	<u>415,582</u>
Other financing sources (uses):			
Jones-Onslow Electric pass-thru payment	500,000	500,000	-
Green Recycling pass-thru payment	(500,000)	(500,000)	-
Insurance proceeds	15,708	21,500	5,792
Sales of capital assets	1,000	3,898	2,898
Total	<u>16,708</u>	<u>25,398</u>	<u>8,690</u>
Fund balance appropriated	70,000	-	(70,000)
Net change in fund balance	<u>\$ -</u>	<u>354,272</u>	<u>\$ 354,272</u>
Fund balance, beginning		543,137	
Fund balance, ending		<u>\$ 897,409</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, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>			
Charges for services:			
Water and sewer charges	\$ 504,000	\$ 532,697	\$ 28,697
Nonoperating revenues:			
Interest earnings		45	
Other revenues		73,180	
Total	<u>50,000</u>	<u>73,225</u>	<u>23,225</u>
Total revenues	<u>554,000</u>	<u>605,922</u>	<u>51,922</u>
<u>Expenditures:</u>			
Water and Sewer:			
Salaries and employee benefits		115,845	
Supplies		8,459	
Repairs and maintenance		17,194	
Water purchases		40,356	
Utilities		22,397	
Professional services		38,210	
Principal retirement		578,480	
Other operating expenditures		9,762	
Capital outlay		5,000	
Nonoperating expenditures		63,571	
Total	<u>1,121,000</u>	<u>899,274</u>	<u>221,726</u>
Total expenditures	<u>1,121,000</u>	<u>899,274</u>	<u>221,726</u>
Revenues over (under) expenditures	<u>(567,000)</u>	<u>(293,352)</u>	<u>273,648</u>
<u>Other financing sources (uses):</u>			
Installment proceeds	567,000	567,000	-
Total	<u>567,000</u>	<u>567,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 273,648</u>	<u>\$ 273,648</u>

Town of Maysville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non – GAAP) (continued)
For the Year Ended June 30, 2021

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

Net change in fund balance	<u>\$ 273,648</u>
Reconciling items:	
Principal retirement	578,480
Installment proceeds	(567,000)
Capital outlay	5,000
Increase in accrued vacation pay	(3,347)
Increase in deferred outflows of resources - pensions	72
Increase in net pension liability	(550)
Increase in deferred inflows of resources -pensions	(1,937)
Depreciation	(149,551)
Capital contributions	<u>180,227</u>
Total reconciling items	<u>41,394</u>
 Change in net position	 <u>\$ 315,042</u>

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, 2021

	Project	Actual			Variance
	Authorization	Prior	Current	Total to	Positive
		Years	Year	Date	(Negative)
Revenues:					
USDA grant	\$ 852,000	\$ 604,002	\$ 60,227	\$ 664,229	\$ 187,771
Golden LEAF grant	200,000	200,000	120,000	320,000	(120,000)
Local Contribution	2,400	2,400	-	2,400	-
Total revenues	<u>1,054,400</u>	<u>806,402</u>	<u>180,227</u>	<u>986,629</u>	<u>67,771</u>
Expenditures:					
Contingency	124,900	69,175	-	69,175	55,725
Administrative	56,151	39,702	5,000	44,702	11,449
Engineering	191,199	191,199	-	191,199	-
Construction and improvements	1,249,150	1,202,922	2,245	1,205,167	43,983
Total expenditures	<u>1,621,400</u>	<u>1,502,998</u>	<u>7,245</u>	<u>1,510,243</u>	<u>111,157</u>
Revenue over (under) expenditures	<u>(567,000)</u>	<u>(696,596)</u>	<u>172,982</u>	<u>(523,614)</u>	<u>43,386</u>
Other financing sources:					
Transfers from other funds:					
General Fund	-	129,596	-	129,596	129,596
USDA Loan proceeds	567,000	567,000	-	567,000	-
Total other sources (uses)	<u>567,000</u>	<u>696,596</u>	<u>-</u>	<u>696,596</u>	<u>129,596</u>
Revenues and financing other sources					
(uses) over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>172,982</u>	<u>\$ 172,982</u>	<u>\$ 172,982</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ 172,982</u>		

Town of Maysville, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balances June 30, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balances June 30, 2021</u>
2020-2021	\$ -	\$ 259,376	\$ 246,298	\$ 13,078
2019-2020	13,347	-	6,703	6,644
2018-2019	3,951	-	901	3,050
2017-2018	2,446	-	(966)	3,412
2016-2017	3,166	-	700	2,466
2015-2016	2,332	-	481	1,851
2014-2015	1,652	702	-	2,354
2013-2014	2,341	-	206	2,135
2012-2013	2,095	130	-	2,225
2011-2012	2,185	-	362	1,823
2010-2011	1,782	-	1,782	-
2009-2010	1,555	-	1,555	-
	<u>\$ 36,852</u>	<u>\$ 260,208</u>	<u>\$ 258,022</u>	<u>39,038</u>

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

Ad valorem taxes receivable - net \$ 27,511

Reconciliation to revenues:

Ad valorem taxes - General Fund	\$ 269,538
Interest and Penalties collected	(2,300)
Reconciling items:	
Taxes written off	(9,216)
Total collections and credits	<u><u>\$ 258,022</u></u>

Town of Maysville, North Carolina
Analysis of Current Tax Levy
For the Year Ended June 30, 2021

	<u>Town-Wide Levy</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy					
Property taxed at current year's rate	\$ 50,858,039	0.51	\$ 259,376	\$ 227,688	\$ 31,688
Discoveries					
Penalties			-	-	-
Total property valuation	<u>\$ 50,858,039</u>				
Net levy			259,376	227,688	31,688
Uncollected taxes at June 30, 2021			(13,078)	(13,078)	-
Current year's taxes collected			<u>\$ 246,298</u>	<u>\$ 214,610</u>	<u>\$ 31,688</u>
Current levy collection percentage			<u>94.96%</u>	<u>94.26%</u>	<u>100.00%</u>

Compliance Section

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

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

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, 2021, 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 November 30, 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.

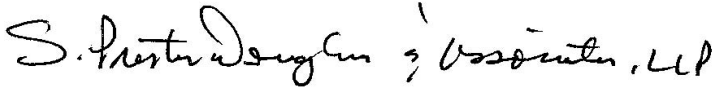
Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant 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 2021-001 and 2021-002)

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, reading "S. Arthur Douglas, Jr." followed by a stylized flourish.

Lumberton, North Carolina
November 30, 2021

Town of Maysville, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I. Summary of Auditor's Results
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Financial Statements

Type of auditor's report issued:

Unmodified.

Internal control over financial reporting:

- | | | | | |
|---|--|---|---|---|
| <ul style="list-style-type: none"> • Material weakness(es) identified? • Significant deficiency(s) identified that are not considered to be material weaknesses • Noncompliance material to financial statements | <div style="text-align: center;"> <div style="border-bottom: 1px solid black; width: 50px; margin: 0 auto;">X</div> <div style="border-bottom: 1px solid black; width: 50px; margin: 0 auto;"></div> <div style="border-bottom: 1px solid black; width: 50px; margin: 0 auto;"></div> </div> | <div style="text-align: center;"> <div style="margin: 0 auto;">yes</div> <div style="margin: 0 auto;">yes</div> <div style="margin: 0 auto;">yes</div> </div> | <div style="text-align: center;"> <div style="border-bottom: 1px solid black; width: 50px; margin: 0 auto;"></div> <div style="border-bottom: 1px solid black; width: 50px; margin: 0 auto;">X</div> <div style="border-bottom: 1px solid black; width: 50px; margin: 0 auto;">X</div> </div> | <div style="text-align: left;"> <div style="margin: 0 auto;">no</div> <div style="margin: 0 auto;">none reported</div> <div style="margin: 0 auto;">no</div> </div> |
|---|--|---|---|---|

Town of Maysville, North Carolina
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2021

Section II. Financial Statement Findings

MATERIAL WEAKNESS

Finding 2021-001 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, 2020-001.

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

Views of responsible officials and planned corrective actions:

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

Town of Maysville, North Carolina
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2021

Section II. Financial Statement Findings (continued)

MATERIAL WEAKNESS

Finding 2021-002 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 all twelve 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 is a repeat finding from the immediate previous audit, 2020-003.

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 63.



**Town of Maysville, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2021**

MATERIALWEAKNESS

Finding 2021-001

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 2021-002

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. Corrections will be made within the month being reconciled.

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, 2021

Finding:	2020-001
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:	2020-002
Status:	The finding has been corrected.
Finding:	2020-003
Status:	The finding has not been corrected. Town personnel require additional training and experience.
Finding:	2019-001
Status:	The finding has 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.