

MAURY SANITARY LAND DISTRICT
Maury, North Carolina

FINANCIAL STATEMENTS

For The Year Ended June 30, 2021

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Maury, North Carolina

FINANCIAL STATEMENTS

For The Year Ended June 30, 2021

Prepared By
BARROW, PARRIS & DAVENPORT, P.A.
Certified Public Accountants
Kinston, North Carolina

MAURY SANITARY LAND DISTRICT
Maury, North Carolina

L.A. Moye Jr.
Chairman

Trivia Mason

W.A. Beaman

Julian Jones, Jr.

Henry Pasour

Officers

President

L. A. Moye, Jr.

Secretary-Treasurer

W. A. Beaman

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BASIC FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of
Maury Sanitary Land District
PO Box 98
Maury, North Carolina 28554

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Maury Sanitary Land District (MSLD) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall 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 business-type activities of MSLD as of June 30, 2021, and the respective changes in financial position and cash flows, where appropriate, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 5, and the Local Government Employees' Retirement System's Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 18 and 19, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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 Maury Sanitary Land District. The budgetary schedule is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The budgetary schedule is the responsibility of management and was 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 by us. In our opinion, based on our audit, the procedures performed as described above, the budgetary schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Barrow, Parris & Davenport, P.A.

BARROW, PARRIS & DAVENPORT, P.A.
Kinston, North Carolina

November 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Maury Sanitary Land District (MSLD), we offer readers of the MSLD's financial statements this narrative overview and analysis of the financial activities of the MSLD for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the MSLD's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the MSLD exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,853,629 (*net position*).
- The MSLD total net position increased by \$2,230 in the current fiscal year. Operating revenues decreased by .07% and operating expenses decreased by 6.98%.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Maury Sanitary Land District's basic financial statements. The District's basic financial statements consist of two (2) components: 1) fund financial statements, and 2) notes to the financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the readers understanding of the financial condition of Maury Sanitary Land District.

Basic Financial Statements

The *Basic Financial Statements* are prepared using the full accrual basis of accounting. They consist of 3 statements. The first statement is the **Statement of Net Position**. Net position is the difference between the District's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the District's financial condition.

The next statement is the **Statement of Revenues, Expenses, and Changes in Fund Net Position**. This statement is used in evaluating whether MSLD has recovered all of its costs through charges for services.

The final required statement is the **Statement of Cash Flows**. This statement reports cash inflows and outflows in the following categories: operating, investing, and financing activities. Based on this data, the user can determine the sources of cash, the uses of cash, and the change in cash.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements begin on page 9 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning MSLD's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 18 of this report.

Management's Discussion and Analysis (continued)
Maury Sanitary Land District

Business-type activities. Business-type activities increased Maury Sanitary Land District's net position by \$2,230 during the fiscal year.

Table 1
Maury Sanitary Land District's
Statement of Net Position

	06/30/21	06/30/20	Change	% Change
Current Assets	\$1,200,747	\$1,108,744	\$92,003	8.30%
Capital Assets	1,675,213	1,763,836	(88,623)	(5.02%)
Total Assets	\$2,875,960	\$2,872,580	\$3,380	0.12%
Deferred Outflows of Resources	\$14,091	\$13,043	\$1,048	8.03%
Other Liabilities	\$20,342	\$20,023	\$319	1.59%
Long-Term Liabilities	16,080	14,201	1,879	13.23%
Total Liabilities	\$36,422	\$34,224	\$2,198	6.42%
Deferred Inflows of Resources	\$0	\$0	\$0	(0.00%)
Net Investment in Capital Assets	\$1,675,213	\$1,763,836	(\$88,623)	(5.02%)
Unrestricted	1,178,416	1,087,563	90,853	8.35%
Total Net Position	\$2,853,629	\$2,851,399	\$2,230	0.08%

Table 2
Maury Sanitary Land District's
Statement of Revenues, Expenses and Changes in Fund Net Position

	6/30/2021	6/30/2020	Change	% Change
Operating Revenues	\$432,029	\$432,344	(\$315)	(0.07%)
Operating Expenses	430,663	462,993	(32,330)	(6.98%)
Operating Income	\$1,366	(\$30,649)	\$32,015	104.46%
Non-Operating Revenues (Expenses)	\$864	\$2,007	(\$1,143)	(56.95%)
Increase (Decrease) in Net Position	\$2,230	(\$28,642)	\$30,872	107.79%
Net Position, Beginning	\$2,851,399	\$2,880,041	(\$28,642)	
Net Position, Ending	\$2,853,629	\$2,851,399	\$2,230	0.08%

Financial Analysis of the District's Funds

Maury Sanitary Land District operates only one fund that is an enterprise fund.

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 resources of Maury Sanitary Land District exceeded liabilities by \$2,853,629 as of June 30, 2021. The District's net position increased by \$2,230 for the fiscal year ended June 30, 2021. However, the largest portion (58.70%) reflects the District's net investment in capital assets. Maury Sanitary Land District uses these assets to provide services to customers; consequently, these assets are not available for future spending.

An additional portion of Maury Sanitary Land District's net position, \$1,178,416 (41.30%) represents the District's unrestricted net position, which represents resources that are unrestricted on how they are used.

Management's Discussion and Analysis (continued)
Maury Sanitary Land District

Capital Asset and Debt Administration

Capital Assets - The MSLD's investment in capital assets for its business-type activities as of June 30, 2021, totals \$1,675,213 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, lift stations and collection lines.

Additional information regarding MSLD's capital assets can be found beginning on page 13 of this audited financial report.

Table 3
Capital Assets
(Net of depreciation)

	6/30/2021	6/30/2020	Change	% Change
Land	\$92,043	\$92,043		
Plant and Buildings	523,259	537,562	(\$14,303)	(2.66%)
Equipment	896	1,255	(359)	(28.61%)
Sewer Additions	503,388	541,706	(38,318)	(7.07%)
Water Additions	555,627	591,270	(35,643)	(6.03%)
Total	\$1,675,213	\$1,763,836	(\$88,623)	(5.02%)

Long-Term Debt - As of June 30, 2021, MSLD had no debt outstanding.

Budget Highlights for the Fiscal Year Ending June 30, 2022

The budgeted expenditures for FY 2021-2022 will increase by \$9,000 from the 2020-2021 budget.

Requests for Information

This report is designed to provide an overview of the MSLD's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the District Manager, MSLD, P.O. Box 98, Maury, NC 28554. You can also call (252) 747-2450 for more information.

BASIC FINANCIAL STATEMENTS

MAURY SANITARY LAND DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

	<u>2021</u>
<u>ASSETS</u>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$1,147,754
Accounts Receivable	47,518
Restricted Cash and Cash Equivalents	5,475
Total Current Assets	\$1,200,747
<i>Noncurrent Assets:</i>	
Capital Assets:	
Land	\$92,043
Other Capital Assets, Net of Depreciation	1,583,170
Total Capital Assets	\$1,675,213
TOTAL ASSETS	\$2,875,960
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension Deferrals	\$14,091
Total Deferred Outflows of Resources	\$14,091
<u>LIABILITIES</u>	
<i>Current Liabilities:</i>	
Accounts Payable and Accrued Liabilities	\$14,867
Liabilities Payable from Restricted Assets:	
Customer Deposits	5,475
Total Current Liabilities	\$20,342
<i>Long-Term Liabilities:</i>	
Net Pension Liability	\$16,080
Total Long-Term Liabilities	\$16,080
TOTAL LIABILITIES	\$36,422
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$1,675,213
Unrestricted	1,178,416
TOTAL NET POSITION	\$2,853,629

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

MAURY SANITARY LAND DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
For the Year Ended June 30, 2021

	<u>2021</u>
Operating Revenues:	
Charges for Services	\$432,029
Operating Expenses:	
Administration	\$119,317
Purchase of Water	48,350
Operations	174,373
Depreciation	88,623
Total Operating Expenses	\$430,663
Operating Income (Loss)	\$1,366
Nonoperating Revenues (Expenses):	
Investment Earnings	\$381
Other Income	483
Water Meter Assessment Collected	33,984
Water Meter Assessment Remitted	(33,984)
Total Nonoperating Revenues (Expenses)	\$864
CHANGE IN NET POSITION	\$2,230
Total Net Position - Beginning	2,851,399
Total Net Position - Ending	\$2,853,629

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

MAURY SANITARY LAND DISTRICT
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2021

	2021
Cash Flows from Operating Activities:	
Cash Received From Customers	\$432,221
Cash Paid for Goods and Services	(269,618)
Cash Paid to Employees for Services	(73,072)
Customer Deposits Received	2,100
Customer Deposits Returned	(300)
Net Cash Provided by Operating Activities	\$91,331
Cash Flows from Investing Activities:	
Other Income	\$483
Interest on Investments	381
Net Cash Provided by Investing Activities	\$864
Net Increase in Cash and Cash Equivalents	\$92,195
Balances, Beginning	1,061,034
Balances, Ending	\$1,153,229
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$1,366
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</i>	
Depreciation	\$88,623
<i>Changes in Assets, Deferred Inflows and Outflows of Resources and Liabilities:</i>	
(Increase) Decrease in Accounts Receivable	192
(Increase) Decrease in Deferred Outflows of Resources - Pensions	(1,048)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(131)
Increase (Decrease) in Customer Deposits	450
Increase (Decrease) in Net Pension Liability	1,879
Total Adjustments	\$89,965
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$91,331

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

NOTES TO THE FINANCIAL STATEMENTS

MAURY SANITARY LAND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Maury Sanitary Land District (MSLD) conform to generally accepted accounting principles as applicable to enterprise funds of governmental units. The following is a summary of the significant accounting policies:

A. REPORTING ENTITY

The MSLD is a municipal corporation which is governed by an elected five-member board. The entity was originally formed as the Maury Water Association. The MSLD was created in 1985 under and by virtue of the General Statutes of North Carolina.

B. BASIS OF PRESENTATION

The statement of net position and the statement of revenues, expenses and changes of fund net position display information about the primary government. These statements include the financial activities of the overall government, which is a single enterprise fund (*business-type activity*). Business-type activities are financed in whole or in part by fees charged to external parties.

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

The District reports the following major enterprise fund:

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

MSLD is accounted for as a proprietary fund type (enterprise fund) in conformity with the accounting and reporting requirements of the Governmental Accounting Standards Board (GASB). The financial statements were prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. 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.

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 revenue of the District enterprise fund is charges to customers for sales and services. The District 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.

MAURY SANITARY LAND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

D. BUDGETARY DATA

The District's budget is adopted as required by the North Carolina General Statutes. An annual budget is adopted for the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for all Enterprise Capital Project Funds. Currently, there are no capital project funds.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the line-by-line level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. ASSETS, LIABILITIES, DEFERRED OUTFLOW/INFLOWS OF RESOURCES, AND FUND EQUITY

Deposits and Investments

All deposits of the District are made in board-designated official depositories and are secured as required by State law [G.S.159-31]. The District may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the District 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 District to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The District has no such investments at June 30, 2021.

Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The District considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

Restricted Assets

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

Allowance for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of any allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years. The District has historically written off immaterial amounts of accounts receivable. Therefore, no allowance has been recorded.

Capital Assets

Purchased or constructed capital assets of MSLD are reported at cost or estimated historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. The District capitalizes all assets that have a value or cost greater than or equal to \$1,000 at date of acquisition. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets of MSLD are depreciated over their useful lives on a straight-line basis as follows:

	<u>Years</u>
Buildings	40
Vehicles	5 - 7
Lines & Distribution System	40 - 50

MAURY SANITARY LAND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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 District has one item that meets this criterion, pension 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 District has one item that meets the criteria for this category – pension deferrals.

Compensated Absences

The District has only one employee and does not have a policy regarding compensated absences, therefore, no related liability is recorded.

F. NET POSITION

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

MSLD's net position is classified as follows:

Net Investment in Capital Assets

This represents MSLD's total net investment in capital assets, net of outstanding debt obligations related to those capital assets.

Unrestricted Net Position

Unrestricted net position includes resources that are uncommitted and available for appropriation at year-end.

G. DEFINED BENEFIT COST-SHARING PLANS

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

H. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2021, the date the financial statements were available to be issued. As a result of the continued spread of the COVID-19 coronavirus, economic uncertainties have arisen. The extent of the impact of COVID-19 on MSLD's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact MSLD's financial condition is uncertain.

MAURY SANITARY LAND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

II. *DETAIL NOTES ON ALL FUNDS*

A. ASSETS

1. Deposits

All of the District's deposits are either insured or collateralized by using one of two methods. Under the Dedicated method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the District's agent in the District's name. Under the Pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the District, these deposits are considered to be held by the District's agent in the District's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the District or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the District 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 District has no formal policy regarding custodial risk for deposits. The District relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The District 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 District's deposits, including certificates of deposit, had a carrying amount of \$1,153,179 and a bank balance of \$1,167,172. Of the bank balance, \$250,000 was covered by federal depository insurance. All deposits of the District are in institutions using the Pooling Method.

At June 30, 2021, the District had \$50 cash on hand.

2. Receivables – Allowances for Doubtful Accounts

At June 30, 2021, receivables of the District consisted of trade receivables of \$47,518. No allowance has been recorded as the amount has been deemed immaterial.

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MAURY SANITARY LAND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

3. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$92,043			\$92,043
Total capital assets not being depreciated	\$92,043	\$0	\$0	\$92,043
Capital assets being depreciated:				
Plant and Buildings	\$721,966			\$721,966
Equipment	42,706			42,706
Sewer Additions	1,532,749			1,532,749
Water Additions	1,425,718			1,425,718
Total capital assets being depreciated	\$3,723,139	\$0	\$0	\$3,723,139
Less accumulated depreciation for:				
Plant and Buildings	\$184,404	\$14,303		\$198,707
Equipment	41,451	359		41,810
Sewer Additions	991,043	38,318		1,029,361
Water Additions	834,448	35,643		870,091
Total accumulated depreciated	\$2,051,346	\$88,623	\$0	\$2,139,969
Total capital assets being depreciated, net	\$1,671,793			\$1,583,170
Total capital assets, net	\$1,763,836			\$1,675,213

B. LIABILITIES

1. Payables

At June 30, 2021, the District's payables consisted of trade payables due vendors and contractors and payroll liabilities.

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The District 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, or by calling (919) 981-5454, or at www.osc.nc.gov.

MAURY SANITARY LAND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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 the 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. 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. Maury Sanitary Land District employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Maury Sanitary Land District's contractually required contribution rate for the year ended June 30, 2021, was 10.15%, actuarially determined as an amount that, 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 Maury Sanitary Land District were \$6,214 for the year ended June 30, 2021.

Refunds of Contributions – District 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 District reported a liability of \$16,080 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 District's proportion of the net pension liability was based on a projection of the District'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 measurement date), the District's proportion was .00045% which was a decrease of .00007% from its proportion measured as of June 30, 2019.

MAURY SANITARY LAND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

For the year ended June 30, 2021, the District recognized pension expense of \$7,047. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$2,031	
Changes in Assumptions	1,197	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,263	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	2,386	
District's Contribution Subsequent to the Measurement Date	6,214	
Total	\$14,091	\$0

\$6,214 reported as deferred outflows of resources related to pensions resulting from District 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	\$2,533
2023	2,844
2024	1,829
2025	671
2026	-
Thereafter	-
	\$7,877

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	3.00 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 actuary 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 have 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.

MAURY SANITARY LAND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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:

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	\$32,625	\$16,080	\$2,330

MAURY SANITARY LAND DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2021

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. **Other Post-Employment Benefits**

The Board does not provide any other post-employment benefits.

3. Risk Management

The District 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. Through commercial carriers, MSLD obtains general liability coverage of \$3 million per occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The District does not feel that it has significant assets in designated "A" areas (areas close to a river, lake or stream) as determined by the Federal Emergency Management Agency, that are subject to flooding and have thus determined it unnecessary to carry flood insurance.

In accordance with G.S. 159-29, the District's employees that have access to \$100 or more at any given time of the District's funds are performance bonded through a commercial surety bond. The District maintains an employee dishonesty bond with coverage of \$50,000 as well as a fidelity bond for the treasurer in the amount of \$50,000.

4. Claims, Judgments and Contingent Liabilities

At June 30, 2021, there were no claims or judgments pending that involve MSLD.

5. Long-Term Obligations

Changes in Long-Term Liabilities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
<u>Business Type Activities:</u>					
<u>Water and Sewer Fund</u>					
Net Pension Liability (LGERS)	\$14,201	\$1,879		\$16,080	\$0
<u>Business Activity Long-Term Liabilities</u>	<u>\$14,201</u>	<u>\$1,879</u>	<u>\$0</u>	<u>\$16,080</u>	<u>\$0</u>

III. MAJOR ENTERPRISE CUSTOMER

The District provides water and sewer service to the Eastern Correctional Center and the North Carolina Department of Corrections-Greene District Unit. These customers comprise approximately 62.92% of the District's water and sewer sales.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

MAURY SANITARY LAND DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS*

	2021	2020	2019	2018	2017	2016	2015	2014
MSLD's proportion of the net pension liability (asset) (%)	0.00045%	0.00052%	0.00059%	0.00071%	0.001%	0.001%	0.001%	0.001%
MSLD's portion of the net pension liability (asset) (\$)	\$16,080	\$14,201	\$13,997	\$10,847	\$16,130	\$3,725	(\$5,190)	\$12,054
MSLD's covered-employee payroll	\$58,760	\$57,110	\$57,720	\$57,750	\$53,895	\$54,340	\$54,309	\$54,309
MSLD's proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	27.37%	24.87%	24.25%	18.78%	29.93%	6.85%	(9.56%)	22.20%
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%

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

STATEMENT 2

**MAURY SANITARY LAND DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$6,214	\$5,651	\$5,077	\$4,791	\$4,698	\$4,366	\$4,290	\$3,842
Contributions in relation to the contractually required contribution	6,214	5,651	5,077	4,791	4,698	4,366	4,290	3,842
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
MSLD's covered-employee payroll	\$60,540	\$58,760	\$57,110	\$57,720	\$57,750	\$53,895	\$54,340	\$54,309
Contributions as a percentage of covered-employee payroll	10.15%	*9.84%	8.89%	8.30%	8.14%	8.10%	7.89%	7.07%

* Contribution rate was 9.84% from July through March. In April additional employer contribution rate for prior service ended dropping their rate to 8.95% until the end of the year.

MAURY SANITARY LAND DISTRICT
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>			
<i>Operating Revenues:</i>			
Water and Sewer Sales	\$389,800	\$387,689	(\$2,111)
Correctional Center-Facility Management Fees	42,000	42,000	
Sample Fees	2,400	2,340	(60)
<i>Total Operating Revenues</i>	\$434,200	\$432,029	(\$2,171)
<i>Non-Operating Revenues:</i>			
Interest on Investments	\$2,000	\$381	(\$1,619)
Other Income		483	483
Water Meter Assessment Collected		33,984	33,984
<i>Total Non-Operating Revenues</i>	\$2,000	\$34,848	\$32,848
TOTAL REVENUES	\$436,200	\$466,877	\$30,677
<u>EXPENDITURES</u>			
<i>Administration:</i>			
Salaries and Employee Benefits	\$78,000	\$73,072	\$4,928
Contract Labor	35,000	31,796	3,204
Professional Fees	9,000	8,170	830
Telephone	6,700	5,448	1,252
<i>Total Administration</i>	\$128,700	\$118,486	\$10,214
<i>Purchase of Water</i>	\$55,000	\$48,350	\$6,650
<i>Water and Sewer Operations:</i>			
Utilities	\$38,000	\$36,360	\$1,640
Inspections/Sample Fees	34,000	12,749	21,251
Insurance	22,000	20,976	1,024
Repairs and Maintenance	77,300	73,433	3,867
Supplies and Chemicals	18,000	16,578	1,422
Training and Travel Expense	16,000	13,669	2,331
Capital Improvement	4,000		4,000
Miscellaneous Expense	6,200	608	5,592
<i>Total Water and Sewer Operations</i>	\$215,500	\$174,373	\$41,127

MAURY SANITARY LAND DISTRICT
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual	Variance Favorable (Unfavorable)
<i>Non-Operating Expenditures:</i>			
Water Meter Assessment Remitted	\$37,000	\$33,984	\$3,016
<i>Total Non-Operating Expenditures</i>	\$37,000	\$33,984	\$3,016
TOTAL EXPENDITURES	\$436,200	\$375,193	\$61,007
Revenues Over (Under) Expenditures	\$0	\$91,684	\$91,684
Reconciliation of Modified Accrual Basis to Full Accrual Basis:			
Revenues Over (Under) Expenditures		\$91,684	
<i>Reconciling Items:</i>			
Depreciation		(88,623)	
(Increase) Decrease in Net Pension Liability		(1,879)	
Increase (Decrease) in Deferred Outflows of Resources - Pensions		1,048	
<i>Total Reconciling Items</i>		(\$89,454)	
Change in Net Position		\$2,230	