

Town of Maxton, North Carolina
Financial Statements
For the Fiscal Year Ended June 30, 2013

Town of Maxton, North Carolina
Financial Statements
For the Fiscal Year Ended June 30, 2013

Board of Town Commissioners

Sallie McLean, Mayor

Cynthia Johnson, Mayor Pro-Tem

Mark McEachin
James McDougald
Timothy McMillan
Victor Womack

*** * * * ***

Angela Pitchford, Interim Town Manager
Angela Pitchford, Finance Officer

Town of Maxton, North Carolina
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June 30, 2013

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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 Town Commissioners
Town of Maxton, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Maxton, North Carolina, as of and for the year ended June 30, 2013, 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. 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Maxton, North Carolina as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

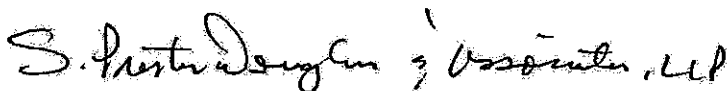
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis 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 Town of Maxton's basic financial statements. The budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Lumberton, North Carolina
October 31, 2013

Town of Maxton, North Carolina
Management's Discussion and Analysis
June 30, 2013

Management's Discussion and Analysis

As management of the Town of Maxton, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Maxton for the fiscal year ended June 30, 2013.

Financial Highlights

The assets of the Town of Maxton exceeded its liabilities at the close of the fiscal year by \$7,205,634.

The government's total net position increased by 1.51%, this was primarily due to revenues exceeding expenditures in governmental activities.

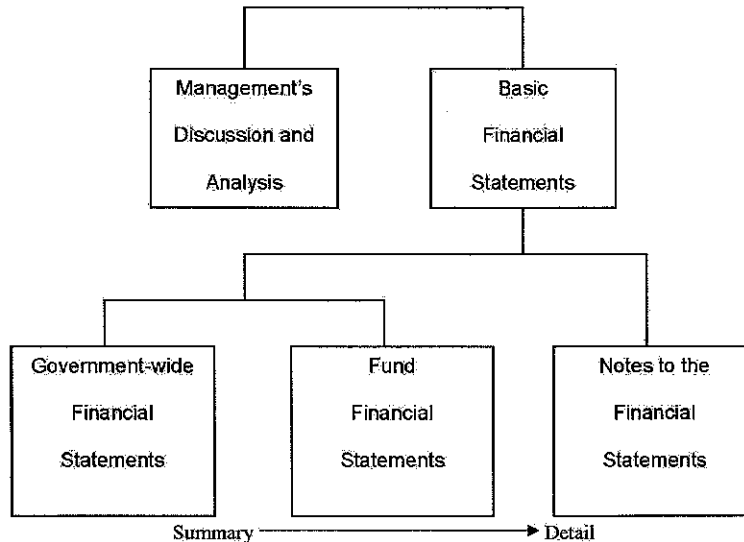
As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$337,776, an increase of \$245,311 in comparison with the prior year. There was \$133,946 in fund balance available for appropriation.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Maxton's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and the 3) notes to 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 Maxton.

Required Components of Annual Financial Report

Figure 1



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.

Town of Maxton, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2013

The next section of the basic financial statements is the **Notes to 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 gage the Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. 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 and sewer services offered by the Town of Maxton. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town because the Town exercises control over the Board by appointing its members, and because the Board is required to distribute a portion of its profits to the Town.

The government-wide financial statements can be found on pages 10 and 11 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 Maxton, like other state and local governments, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories, governmental funds and proprietary funds.

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

The Town of Maxton 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.

Town of Maxton, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2013

Basic Financial Statements (continued)

Governmental funds (continued). 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary funds. The Town of Maxton maintains one type of proprietary 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.

Notes to 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 19-34 of this report.

Other information. Major funds and the component unit are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Government-wide Financial Analysis

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Town as a whole.

The following table provides a summary of the Town's net position:

The Town of Maxton's Net Position

	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012	Totals 2013	Totals 2012
Current and other assets	\$841,119	\$559,341	\$751,505	\$694,703	\$1,592,624	\$1,254,044
Capital assets	2,224,688	2,355,553	3,920,534	4,072,501	6,145,222	6,428,054
Total assets	3,065,807	2,914,894	4,672,039	4,767,204	7,737,846	7,682,098
Current liabilities	98,349	106,378	120,719	121,908	219,068	228,286
Non-current liabilities	211,144	229,303	102,000	128,000	313,144	357,303
Total liabilities	309,493	335,681	222,719	249,908	532,212	585,589
Net position						
Net investment in capital assets	1,995,385	2,108,887	3,792,534	3,918,501	5,787,919	6,027,388
Restricted	203,830	145,865	-	-	203,830	145,865
Unrestricted	557,099	324,461	656,786	598,795	1,213,885	923,256
Total net position	\$2,756,314	\$2,579,213	\$4,449,320	\$4,517,296	\$7,205,634	\$7,096,509

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

Town of Maxton, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2013

Government-wide Financial Analysis (continued)

The assets of the Town exceeded liabilities by \$7,205,634 as of June 30, 2013. The Town's net position increased by \$109,125 for the fiscal year ended June 30, 2013. The largest portion (80.32%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Maxton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Maxton'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. The Town of Maxton's net position reflects \$1,213,885 as unrestricted.

The following table provides a summary of the Town's changes in net position:

The Town of Maxton's Changes in Net Position						
	Governmental	Governmental	Business-type	Business-type	Totals	Totals
	Activities	Activities	Activities	Activities		
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues						
Charges for services	\$ 270,611	\$ 270,892	\$ 734,338	\$ 717,188	\$ 1,004,949	\$ 988,080
Operating grants and contributions	80,168	165,748	-	-	80,168	165,748
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes	743,678	698,874	-	-	743,678	698,874
Other taxes	43,489	33,829	-	-	43,489	33,829
Other	615,893	645,624	61	3,402	615,954	649,026
Total revenues	1,753,839	1,814,967	734,399	720,590	2,488,238	2,535,557
Expenses:						
General Government	430,426	193,426	-	-	430,426	193,426
Public Safety	788,016	882,563	-	-	788,016	882,563
Transportation	148,715	135,680	-	-	148,715	135,680
Environmental Protection	176,256	396,294	-	-	176,256	396,294
Human Services	-	66,895	-	-	-	66,895
Cultural and Recreation	22,990	32,917	-	-	22,990	32,917
Interest on long-term debt	10,335	11,104	-	-	10,335	11,104
Water and Sewer	-	-	802,375	892,253	802,375	892,253
Capital asset transfers	-	-	-	-	-	-
Total expenses	1,576,738	1,718,879	802,375	892,253	2,379,113	2,611,132
Change in net position	177,101	96,088	(67,976)	(171,663)	109,125	(75,575)
Net position - Beginning of year	2,579,213	2,483,125	4,517,296	4,669,369	7,096,509	7,152,494
Prior period adjustment	-	-	-	19,590	-	19,590
Net position - End of year	\$ 2,756,314	\$ 2,579,213	\$ 4,449,320	\$ 4,517,296	\$ 7,205,634	\$ 7,096,509

Town of Maxton, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2013

Governmental activities. Governmental activities increased the Town's net position by \$177,101. Key elements of this increase are as follows:

- Revenues increased from the prior year amounts.
- Tax revenues increased.

Business-type activities. Business-type activities decreased the Town of Maxton's net position by \$67,976. The key element of this decrease is depreciation expense.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Maxton. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$133,946, while total fund balance reached \$337,776. The Governing Body of the Town of Maxton has determined that the Town should maintain an available fund balance of 20% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. 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. Unreserved fund balance represents 9.17% of General Fund expenditures.

At June 30, 2013, the governmental funds of the Town of Maxton reported a combined fund balance of \$337,776, a 265% increase over last year.

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

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

Revenues were greater than the budgeted amounts primarily because property taxes collected were greater than anticipated and because local option sales taxes and miscellaneous revenues were much greater than anticipated. Also, expenditures were held to less than budgeted amounts.

Town of Maxton, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2013

Proprietary Funds. The Town of Maxton'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 \$656,786. The total decrease in net position was \$67,976. Other factors concerning this fund have been discussed in the Town's business-type activities.

Capital Asset and Debt Administration Capital Assets

The Town of Maxton's investment in capital assets for its governmental and business-type activities as of June 30, 2013, totals \$6,145,222 (net of accumulated depreciation). The investments in capital assets include buildings, streets, land, machinery and equipment, and vehicles.

Town of Maxton's Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012	Totals 2013	Totals 2012
Land	\$98,005	\$98,005	\$131,166	\$131,166	\$229,171	\$229,171
Buildings and improvements	3,054,145	3,054,145	2,254,217	2,254,217	5,308,362	5,308,362
Furniture and equipment	630,391	630,391	1,652,004	1,640,929	2,282,395	2,271,320
Vehicles	957,400	957,400	64,298	64,298	1,021,698	1,021,698
Plant and distribution system	-	-	2,613,151	2,613,151	2,613,151	2,613,151
Work in Progress	-	-	-	-	-	-
Total depreciable assets	4,641,936	4,641,936	6,583,670	6,572,595	11,225,606	11,214,531
Less – Accumulated dep.	2,515,253	2,384,388	2,794,302	2,631,260	5,309,555	5,015,648
Total depreciable assets, net	2,126,683	2,257,548	3,789,368	3,941,335	5,916,051	6,198,883
Total capital assets, net	\$2,224,688	\$2,355,553	\$3,920,534	\$4,072,501	\$6,145,222	\$6,428,054

Additional information on the Town's capital assets can be found in the notes on pages 27 and 28 of this report.

Long-term debt. As of June 30, 2013, the Town of Maxton had total bonded debt outstanding of \$128,000, all backed by the full faith and credit of the Town.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Maxton is \$12,472,479.

Additional information regarding the Town of Maxton's long-term debt can be found on page 32 of this report.

Town of Maxton, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2013

Economic Factors and Next Year's Budgets and Rates

The following is a key economic indicator of the Town of Maxton:

- The County unemployment rate of 13.0% is above the State average of 8.8% and the national rate of 7.6%.

Budget Highlights for the Next Fiscal Year

Governmental Activities. The governmental funds' primary revenue resources are property taxes and intergovernmental revenues. For the fiscal year ending June 30, 2013, the budget increased over the prior year. These revenues will be used to decrease the amount of fund balance appropriated in the previous year to balance the budget.

Budgeted expenditures in the General Fund increased. The largest increases were in the police department.

Business-type Activities. The business-type funds budgeted revenue increased for the fiscal year ended June 30, 2013.

Budgeted expenditures increased.

Request for Information

This financial report is designed to provide a general overview of the Town of Maxton'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 Office of the Finance Director, Town of Maxton, 201 McCaskill Avenue, Maxton NC 28364.

Town of Maxton, North Carolina
Statement of Net Position
June 30, 2013

	Primary Government			
	Governmental Activities	Business- Type Activities	Totals	Maxton ABC Board
Current assets				
Cash, cash equivalents, and investments	\$ 362,291	\$ 426,921	\$ 789,212	\$ 15,274
Taxes receivable - Net	454,998	-	454,998	-
Accounts receivable - Net	46,637	139,068	185,705	1,381
Due from other governments	69,165	-	69,165	-
Internal balances	(180,000)	180,000	-	-
Inventories	-	5,516	5,516	80,042
Prepaid expenses	10,177	-	10,177	-
Restricted cash and cash equivalents	77,851	-	77,851	-
Total current assets	841,119	751,505	1,592,624	96,697
Capital assets				
Land, non-depreciable	98,005	131,166	229,171	5,000
Other capital assets, net of depreciation	2,126,683	3,789,368	5,916,051	7,393
Total capital assets	2,224,688	3,920,534	6,145,222	12,393
Total assets	\$ 3,065,807	\$ 4,672,039	\$ 7,737,846	\$ 109,090
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 48,345	\$ 15,068	\$ 63,413	\$ 66,198
Customer deposits	-	71,068	71,068	-
Compensated absences	31,845	8,583	40,428	-
General obligation bonds - Current	-	26,000	26,000	-
Installment notes payable - Current	18,159	-	18,159	3,916
Total current liabilities	98,349	120,719	219,068	70,114
Non-current liabilities				
General obligation bonds		102,000	102,000	-
Installment notes payable	211,144	-	211,144	-
Total non-current liabilities	211,144	102,000	313,144	-
Total liabilities	309,493	222,719	532,212	70,114
Net Position				
Net investment in capital assets	\$ 1,995,385	\$ 3,792,534	\$ 5,787,919	\$ 8,477
Restricted for:				
Stabilization by State Statute	125,979	-	125,979	-
Other Functions	77,851	-	77,851	16,677
Unrestricted	557,099	656,786	1,213,885	13,822
Total net position	\$ 2,756,314	\$ 4,449,320	\$ 7,205,634	\$ 38,976

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

Town of Maxton, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2013

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government							
Governmental activities							
General Government	\$ 430,426	\$ -	\$ -	\$ -	\$ (430,426)	\$ -	\$ (430,426)
Public Safety	788,016	1,250	1,000	-	(785,766)	-	(785,766)
Transportation	148,715	-	79,168	-	(69,547)	-	(69,547)
Environmental Protection	176,256	269,361	-	-	93,105	-	93,105
Human Services	-	-	-	-	-	-	-
Cultural and Recreational	22,990	-	-	-	(22,990)	-	-
Interest on long-term debt	10,335	-	-	-	(10,335)	-	(10,335)
Total governmental activities	1,576,738	270,611	80,168	-	(1,225,959)	-	(1,202,969)
Business-type activities							
Water and Sewer	802,375	734,338	-	-	-	(68,037)	-
Total primary government	\$ 2,379,113	\$ 1,004,949	\$ 80,168	\$ -	(1,225,959)	(68,037)	(1,202,969)
Component unit							
Maxton ABC Board	\$ 559,620	\$ 560,163	\$ -	\$ -	\$ -	\$ -	\$ 543
General revenues							
Taxes							
Property taxes, levied for general purposes					743,678	-	743,678
Other taxes					43,489	-	43,489
Grants and contributions not restricted to specific programs					572,031	-	572,031
Unrestricted investment earnings					42	61	103
Miscellaneous					43,820	-	43,820
Total general revenues, special items, and transfers					1,403,060	61	1,403,121
Change in net position					177,101	(67,976)	109,125
Net position - Beginning of year, as previously reported					2,579,213	4,517,296	7,096,509
Prior period adjustment					-	-	-
Net position - End of year					\$ 2,756,314	\$ 4,449,320	\$ 7,205,634

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

Town of Maxton, North Carolina
Balance Sheet
Governmental Funds
June 30, 2013

	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total Governmental Funds</u>
	<u>General</u>		
<u>ASSETS</u>			
Cash, cash equivalents, and investments	\$ 362,291	\$ -	\$ 362,291
Restricted cash	77,851	-	77,851
Ad valorem taxes receivables, net	454,998	-	454,998
Accounts receivable, net	46,637	-	46,637
Due from other governments	69,165	-	69,165
Prepaid expenses	10,177	-	10,177
Total assets	<u>1,021,119</u>	<u>-</u>	<u>1,021,119</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	48,345	-	48,345
Due to other funds	180,000	-	180,000
Total liabilities	<u>228,345</u>	<u>-</u>	<u>228,345</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property taxes receivable	454,998		454,998
Total deferred inflows of resources	<u>454,998</u>	<u>-</u>	<u>454,998</u>
<u>FUND BALANCES</u>			
Restricted			
Stabilization by State Statute	125,979	-	125,979
Streets	77,851	-	77,851
Unassigned	133,946	-	133,946
Total fund balances	<u>337,776</u>	<u>-</u>	<u>337,776</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,021,119</u>	<u>\$ -</u>	

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

Total Fund Balance, Governmental Funds	337,776
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	

Gross capital assets at historical cost	\$ 4,739,941	
Accumulated depreciation	<u>(2,515,253)</u>	2,224,688

Liabilities for earned revenues considered deferred inflows of resources in fund statements	454,998
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Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds

Gross long-term debt	\$ (246,666)	
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year.)	<u>17,363</u>	(229,303)

Compensated absences not expected to be materially liquidated with expendable available resources	<u>(31,845)</u>
Net position reported as governmental activities	<u><u>\$ 2,756,314</u></u>

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

Town of Maxton, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	<u>Major Fund</u>	<u>Non-Major Funds</u>	
	<u>General</u>	<u>Special Revenue Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Ad Valorem taxes	\$ 695,354	\$ -	\$ 695,354
Other taxes and licenses	43,489	-	43,489
Unrestricted intergovernmental	572,031	-	572,031
Restricted intergovernmental	80,168	-	80,168
Sales and services	283,611	-	283,611
Investment earnings	42	-	42
Miscellaneous	30,820	-	30,820
Total revenues	<u>1,705,515</u>	<u>-</u>	<u>1,705,515</u>
Expenditures			
General Government	394,943	-	394,943
Public Safety	730,105	-	730,105
Transportation	112,016	-	112,016
Environmental Protection	172,452	-	172,452
Cultural and Recreational	22,990	-	22,990
Debt service			
Principal	17,363	-	17,363
Interest	10,335	-	10,335
Total expenditures	<u>1,460,204</u>	<u>-</u>	<u>1,460,204</u>
Excess of revenues over expenditures	245,311	-	245,311
Other financing sources (uses)			
Loan proceeds	-	-	-
Transfers in (out)	-	-	-
Net change in fund balance	245,311	-	245,311
Fund balances - Beginning of year	<u>92,465</u>	<u>-</u>	<u>92,465</u>
Fund balances - End of year	<u>\$ 337,776</u>	<u>\$ -</u>	<u>\$ 337,776</u>

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

Town of Maxton, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds (continued)
For the Fiscal Year Ended June 30, 2013

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

Net changes in fund balances - total government funds	\$	245,311
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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

Capital outlay expenditures which were capitalized	\$	-	
Depreciation expense for governmental assets		(130,865)	(130,865)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in deferred revenue for tax revenues		48,324
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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. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt issued	-	
Principal payments on long-term debt		17,363
		17,363

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.

Compensated absences		(3,032)
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Total change in net position of governmental activities	\$	177,101
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The accompanying notes are an integral part of these financial statements.

Town of Maxton, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Ad Valorem taxes	\$ 666,995	\$ 666,995	\$ 695,354	\$ 28,359
Other taxes and licenses	43,450	43,450	43,489	39
Unrestricted intergovernmental	487,500	487,500	572,031	84,531
Restricted intergovernmental	71,000	71,000	80,168	9,168
Sales and services	253,200	253,200	283,611	30,411
Investment earnings	-	-	42	42
Miscellaneous	38,400	38,400	30,820	(7,580)
Total revenues	<u>1,560,545</u>	<u>1,560,545</u>	<u>1,705,515</u>	<u>144,970</u>
Expenditures				
General Government	399,420	399,420	394,943	4,477
Public Safety	775,310	775,310	730,105	45,205
Transportation	163,210	163,210	112,016	51,194
Environmental Protection	172,465	172,465	172,452	13
Cultural and Recreational	26,605	26,605	22,990	3,615
Debt service				
Principal retirement	17,365	17,365	17,363	2
Interest expense	11,170	11,170	10,335	835
Total expenditures	<u>1,565,545</u>	<u>1,565,545</u>	<u>1,460,204</u>	<u>105,341</u>
Revenue over (under) expenditures	<u>(5,000)</u>	<u>(5,000)</u>	<u>245,311</u>	<u>250,311</u>
Other financing sources (uses)				
Appropriated fund balance	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>245,311</u>	<u>\$ 245,311</u>
Fund balance - Beginning of year			<u>92,465</u>	
Fund balance - End of year			<u>\$ 337,776</u>	

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

Town of Maxton, North Carolina
Statement of Net Position
Proprietary Fund
June 30, 2013

	Enterprise Fund
	Water and Sewer Fund
<u>Assets</u>	
Current assets	
Cash, cash equivalents, and investments	\$ 426,921
Accounts receivable, net	139,068
Due from other governments	-
Due from other funds	180,000
Inventories	5,516
Total current assets	751,505
Capital assets	
Land	131,166
Other capital assets, net of depreciation	3,789,368
Total capital assets	3,920,534
Total assets	\$ 4,672,039
<u>Liabilities</u>	
Current liabilities	
Accounts payable and accrued liabilities	\$ 15,068
Customer deposits	71,068
Compensated absences	8,583
General obligation bonds - Current	26,000
Total current liabilities	120,719
Non-current liabilities	
General obligation bonds	102,000
Total liabilities	\$ 222,719
<u>Net Position</u>	
Investment in capital assets, net of related debt	\$ 3,792,534
Unrestricted	656,786
Total net position	\$ 4,449,320

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

Town of Maxton, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2013

	Enterprise Fund Water and Sewer Fund
Operating revenues	
Charges for services	\$ 679,304
Other operating revenues	55,034
Total operating revenues	<u>734,338</u>
Operating expenses	
Water and sewer department	587,466
Depreciation expense	163,042
Total operating expenses	<u>750,508</u>
Operating income (loss)	<u>(16,170)</u>
Non-operating revenue (expenses)	
Investment earnings	61
Bad debt expense - receivable write off	(44,167)
Rent income	-
Interest and other charges	(7,700)
Total non-operating revenue (expenses)	<u>(51,806)</u>
Income (loss) before contributions and transfers	(67,976)
Transfers in (out)	<u>-</u>
Change in net position	(67,976)
Net position - Beginning of year	<u>4,517,296</u>
Net position - End of year	<u><u>\$ 4,449,320</u></u>

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

Town of Maxton, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2013

	Enterprise Fund Water and Sewer Fund
Cash flows from operating activities	
Cash received from customers	\$ 733,469
Cash paid for goods and services	(230,454)
Cash paid to or on behalf of employees for services	(304,606)
Increase (decrease) in customer deposits	1,595
Other operating revenue	-
Net cash provided (used) by operating activities	<u>200,004</u>
Cash flows from capital and related financing activities	
Grants	-
Rent income	-
Acquisition and construction of capital assets	(11,075)
Bad debt expense - non-operating receivable write off	(44,167)
Principal paid on bonds	(26,000)
Interest paid on bond	(7,700)
Net cash provided (used) by capital and related financing activities	<u>(88,942)</u>
Cash flows from investing activities	
Interest on investments	<u>61</u>
Net increase (decrease) in cash, cash equivalents, and investments	111,123
Cash, cash equivalents, and investments - Beginning of year	<u>315,798</u>
Cash, cash equivalents, and investments - End of year	<u><u>\$ 426,921</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (16,170)</u>
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	163,042
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	41,447
(Increase) decrease in due from other governments	8,341
(Increase) decrease in inventories	4,533
Increase (decrease) in accounts payable and accrued liabilities	(2,784)
Increase (decrease) in customer deposits	1,595
Total adjustments	<u>216,174</u>
Net cash provided (used) by operating activities	<u><u>\$ 200,004</u></u>

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

Town of Maxton, North Carolina
Notes to Financial Statements
June 30, 2013

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Town of Maxton, North Carolina, (the "Town") and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A - Reporting Entity

The Town of Maxton, North Carolina, is a municipal corporation that is governed by an elected mayor and a five-member council and is located in southeastern North Carolina. The Town straddles the Robeson and Scotland County lines. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Town of Maxton Alcoholic Beverage Control Board ("the ABC Board")

The Town appoints the members of the ABC Board's governing board. The ABC Board is required by State statute to distribute 65% of its surpluses to the General Fund of the Town and 35% to the general fund of Robeson County. The ABC Board, which has a June 30 year-end, is presented as if it were a Proprietary Fund. Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Maxton ABC Board, 720 West Saunders Street, Maxton NC 28364.

B - Basis of Presentation - Fund Accounting

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

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

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

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

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (continued)

B - Basis of Presentation - Fund Accounting (continued)

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 required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, sanitation services, parks and recreation, and general government.

The Town reports the following non-major governmental fund:

Community Development. This fund is used to account for federal and state grant proceeds that are being used for renovation and rehabilitation of low income housing.

The Town reports the following major enterprise fund:

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

C - Measurement Focus and Basis of Accounting

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

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

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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Scotland and Robeson Counties are responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Maxton. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in Scotland County and Robeson County from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenue. For vehicles registered and billed under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (continued)

C - Measurement Focus and Basis of Accounting (continued)

the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2013, because they are intended to finance the Town's operations during the 2013-14 fiscal year.

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. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are 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.

As permitted by generally accepted accounting principles, the Town has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations.

The Town has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and related standards. These new standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

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, certain special revenue, and enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for certain Enterprise Fund capital projects funds, which are consolidated with the Enterprise operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. During the year, several amendments to the original budget were necessary, the effects of which were not material. 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

Deposits and Investments

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

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (continued)

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

Deposits and Investments (continued)

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust, a SEC-registered mutual fund. Investments are stated at cost or amortized cost.

Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

Cash and Cash Investments

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. The ABC Board considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash and cash equivalents.

Restricted assets

Powell Bill funds are classified as restricted cash because it can be expended only for purposes of maintain, repairing, constructing, reconstructing or widening of local street per G.S. 136-41.1 through 136-41.4.

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies Ad Valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012.

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.

Due To/From Other Funds

Amounts reported at June 30, 2013, as due to/from other funds, generally represent short-term advances, between funds. The amounts reported at year-end are not available for appropriation and are not an expendable available financial resources.

Inventories and Prepaid Items

The inventories of the Town and the ABC Board are valued at cost (first-in, first-out), which approximates market.

The inventories of the Town's Enterprise Fund and those of the ABC Board consist of materials and supplies held for subsequent use or sale. The cost of these inventories is expensed when consumed or sold rather than when purchased.

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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, \$10,000; buildings, \$20,000; capital projects, \$10,000; infrastructure, \$15,000; and furniture and equipment, \$2,500. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The road network is reported at historical costs as reported to the North Carolina Department of Transportation under the Powell Bill program and the water and sewer system assets are reported at their historical costs. 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 are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Computer equipment	5 years
Furniture and equipment	10 years
Vehicles and motorized equipment	3 years
Buildings	40 years
Infrastructure	33-50 years

Capital assets of the Maxton ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	10-25 years
Furniture and equipment	5-10 years

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 no items that meet this criterion for this category. 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 one item that meets the criterion for this category – property taxes receivable.

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (continued)

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

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. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to twenty (20) days earned vacation leave with such leave being fully vested when earned. Earned vacation leave accumulated in excess of 160 hours is converted to sick leave. 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. The Town's liability for accumulated earned vacation and the salary-related payments for Governmental Funds are recorded in the General Long-Term Debt Account Group. For the Town's Proprietary Fund and expense and a liability for compensated absences and the salary-related payments are recorded within the fund as the leave is earned.

ABC Board employees may accumulate up to a maximum of 10 days vacation, depending upon the number of years employed, and such leave is not fully vested. Since the Board has no obligation for vacation until it is actually taken, no accrual for vacation has been made.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Employees accumulate sick leave at the rate of one day per month of employment. The ABC Board's sick leave policy allows for the accumulation of up to 15 days. 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 neither the Town nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position / Fund Balances

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.

In the governmental fund financial statements, fund balance is composed of three 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:

Restricted fund balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 1 - Summary of Significant Accounting Policies (continued)

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

Net Position / Fund Balances (continued)

Restricted for Stabilization by State statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

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

The Town of Maxton 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 Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

The Town has no formal minimum fund balance policy.

Note 2 - Stewardship, Compliance, and Accountability

Noncompliance with North Carolina General Statutes

The Town is not in compliance with G.S. 159-8(a). The Town adhered to the operating budget quite well. However, the budget reflected an appropriation of a negative, unassigned fund balance from the previous year which is a violation of NC General Statute.

Note 3 - Detail Notes on All Funds

A – Assets

Deposits

All the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board'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 and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board'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 or the ABC Board under the Pooling Method, the potential exists for undercollateralization, and 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 and ABC Board have no policy regarding custodial credit risk for deposits.

At June 30, 2013, the Town's deposits had a carrying amount of \$615,204 and a bank balance of \$639,336. Of the bank balance, all was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of the deposits for the ABC Board was \$14,599 and the bank was \$8,999. All of the bank balance was covered by federal depository insurance.

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 3 - Detail Notes on All Funds (continued)

A – Assets (continued)

Investments

At June 30, 2013, the Town's investment balances were as follows:

	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
North Carolina Capital Management Trust Cash Portfolio	<u>\$ 251,859</u>	<u>N/A</u>	<u>AAAm</u>

Interest Rate Risk. The Town has no policy regarding interest rate risk.

Credit Risk. The Town has no policy regarding credit risk. The Town's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2013.

Custodial Credit Risk. The Town has no policy on custodial credit risk.

Concentration of Credit Risk. The Town places no limit on the amount that the Town may invest in any one issuer.

At June 30, 2013, the Town had \$251,859 invested with the NC Capital Management Trust's Cash Portfolio which carried a credit rating of AAAm by Standard & Poor's. The Town has no policy regarding credit risk.

Receivable – Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

Governmental activities:	
General Fund:	
Taxes receivable	\$ 14,000
Accounts receivable	5,934
	<u>19,934</u>
Business-type activities	<u>18,489</u>
Total	<u>\$ 38,423</u>

Due from Other Governmental Agencies

At June 30, 2013, funds due from other governmental agencies consisted of the following:

	<u>Governmental Activities</u>			
	<u>General</u>	<u>Non-Major Governmental</u>	<u>Total</u>	<u>Business-Type Activities</u>
Local option sales tax	\$ 69,165	\$ -	\$ 69,165	\$ -
Grants receivable				-
	<u>\$ 69,165</u>	<u>\$ -</u>	<u>\$ 69,165</u>	<u>\$ -</u>

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 3 - Detail Notes on All Funds (continued)

A – Assets (continued)

Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balances <u>7/1/2012</u>	Increases	Decreases	Ending Balances <u>6/30/2013</u>
Governmental activities -				
Capital assets				
Land (non-depreciable)	\$ 98,005	\$ -	\$ -	\$ 98,005
Buildings and improvements	3,054,145	-	-	3,054,145
Furniture and equipment	630,391	-	-	630,391
Vehicles	957,400	-	-	957,400
Work in progress	-	-	-	-
	<u>4,739,941</u>	<u>-</u>	<u>-</u>	<u>4,739,941</u>
Total capital assets	\$ 4,739,941	\$ -	\$ -	\$ 4,739,941
Less -				
Accumulated depreciation				
Buildings and improvements	\$ 1,003,852	\$ 70,623	\$ -	\$ 1,074,475
Furniture and equipment	600,155	11,871	-	612,026
Vehicles/motorized equipment	780,381	48,371	-	828,752
	<u>2,384,388</u>	<u>\$ 130,865</u>	<u>\$ -</u>	<u>2,515,253</u>
Total accumulated depreciation	2,384,388	\$ 130,865	\$ -	2,515,253
Governmental activities -				
Capital assets - Net	<u><u>\$ 2,355,553</u></u>			<u><u>\$ 2,224,688</u></u>

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

General Government	\$ 32,451
Public Safety	57,911
Transportation	36,699
Environmental Protection	3,804
Cultural and Recreational	-
	<u>-</u>
Total depreciation expense	<u><u>\$ 130,865</u></u>

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 3 - Detail Notes on All Funds (continued)

A – Assets (continued)

Capital Assets (continued)

Business-type activities - Water and Sewer Fund - Capital assets	Beginning Balances 7/1/2012	Increases	Decreases	Ending Balances 6/30/2013
Land (non-depreciable)	\$ 131,166	\$ -	\$ -	\$ 131,166
Buildings and improvements	2,254,217	-	-	2,254,217
Plant and distribution system	2,613,151	-	-	2,613,151
Furniture and equipment	1,640,929	11,075	-	1,652,004
Vehicles	64,298	-	-	64,298
Work in progress	-	-	-	-
Total capital assets	\$ 6,703,761	\$ 11,075	\$ -	\$ 6,714,836
Less - Accumulated depreciation				
Buildings and improvements	\$ 24,283	\$ 1,400	\$ -	\$ 25,683
Plant and distribution system	985,658	73,712	-	1,059,370
Furniture and equipment	1,577,255	83,145	-	1,660,400
Vehicles	44,064	4,785	-	48,849
Total accumulated depreciation	2,631,260	\$ 163,042	\$ -	2,794,302
Business-type activities Capital assets - Net	\$ 4,072,501			\$ 3,920,534

Discretely Presented Component Unit

Capital assets activity for the ABC Board for the year ended June 30, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Land (non-depreciable)	\$ 5,000	\$ -	\$ -	\$ 5,000
Building and improvements	58,028	-	-	58,028
Furniture and equipment	61,473	-	-	61,473
Total capital assets	124,501	-	-	124,501
Less - Accumulated depreciation				
Buildings and improvements	57,568	66	-	57,634
Furniture and equipment	51,416	3,058	-	54,474
Total depreciation	108,984	3,124	-	112,108
Total ABC Board capital assets - Net	\$ 15,517			\$ 12,393

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 3 - Detail Notes on All Funds (continued)

B – Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Town of Maxton and the ABC Board contribute to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The Town and the ABC Board are required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6% and 6%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.08% of annual covered payroll. The contribution requirements of members and of the Town of Maxton are established and may be amended by the North Carolina General Assembly. Total contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$84,256, \$97,042, and \$122,896 respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011, were \$1,712, \$2,649, and \$2,997 respectively. The contributions made by the Town and the ABC Board equaled the required contributions for each year.

Law Enforcement Officers' Special Separation Allowance

Plan Description. The Town of Maxton administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law-enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Separation Allowance covers all full-time law enforcement officers of the Town. At June 30, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>8</u>
Total	<u><u>8</u></u>

A separate report was not issued for the plan.

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 3 - Detail Notes on All Funds (continued)

B – Liabilities (continued)

Pension Plan Obligations (continued)

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.

Method Used to Value Instruments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. The Council has designated a portion of fund balance to be used for these expenditures when they are paid.

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. No formal plan or actuarial valuation exists as liability is considered immaterial.

Supplemental Retirement Income Plan for Regular and Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of the 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.

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, law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013, were \$15,819, which consisted of \$10,438 from the Town and \$5,855 from the law enforcement officers.

Other Employment Benefits

The Town has elected to provide death benefits to Police Department employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service 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 \$20,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Because the benefit payments are made by Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The contributions to the Death Benefit Plan cannot be separated between post-employment benefit amount and the other benefit amount.

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 3 - Detail Notes on All Funds (continued)

B – Liabilities (continued)

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 one of three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through the pool, the Town obtains workers' compensation coverage up to statutory limits. The pool is reinsured through commercial companies for single occurrence claims in excess of \$300,000 up to statutory limits for workers' compensation. The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Town carries no flood insurance as it contends no Town buildings are located in flood designated area.

In accordance with G.S. 159-29, the finance officer and tax collector are performance bonded for \$50,000. All employees in a position of trust are covered under a blanket employee dishonesty policy.

The Maxton ABC Board 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 ABC Board has property, general liability, workers' compensation, and employee health coverage. The ABC Board also has liquor legal liability coverage. 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.

Claims, Judgments, and Contingent Liabilities

At June 30, 2013, the Town was a defendant to a lawsuit. In the opinion of the Town's management, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

Long-Term Obligations

Installment Purchase Agreements

During the year, the Town purchased some police vehicles and financed them with Lumbee Guaranty Bank. The loan requires five annual payments of \$11,492, including interest at 3.95%. \$ 27,230

During the year, the Town entered into an installment purchase agreement with the USDA to finance the construction building dedicated to rescue squad use. The loan requires forty annual payments of \$9,934, including interest at 4.125% beginning 2008. 179,873

On April 18, 2007, the Town entered into an installment purchase agreement with a local bank in connection with the construction of the building mentioned immediately above. The loan requires ten annual payments of \$6,272, including interest at 5.9%, beginning in 2008. 22,200

Total long-term obligations \$ 229,303

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 3 - Detail Notes on All Funds (continued)

B – Liabilities (continued)

Long-Term Obligations (continued)

General Obligation Indebtedness

The 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, 2013, are comprised of the following individual issue:

General Obligation Bonds

\$569,000 in bonds purchased by the United States of America acting through the Farmer's Home Administration. These call for interest payments annually at a rate of 5%, through June 2018.	\$ 128,000
Less – Current portion	<u>26,000</u>
Long-term portion of general obligation bonds	<u>\$ 102,000</u>

At June 30, 2013, the Town of Maxton had no bonds authorized but unissued and had a legal debt margin of \$12,472,479 which is computed by multiplying the property valuation by 8% and subtracting the debt detailed above.

Changes in Long-Term Debt

The following is a summary of changes in the Town's long-term debt for the year ended June 30, 2013:

	Beginning Balances 7/1/2012	Additions	Retirements	Ending Balances 6/30/2013	Due Within One Year
Governmental activities:					
Installment purchases	\$ 246,666	\$ -	\$ 17,363	\$ 229,303	\$ 18,159
Compensated absences	28,813	3,032	-	31,845	31,845
Total governmental activities	<u>\$ 275,479</u>	<u>\$ 3,032</u>	<u>\$ 17,363</u>	<u>\$ 261,148</u>	<u>\$ 50,004</u>
Business-type activities:					
General obligation bonds	\$ 154,000	\$ -	\$ 26,000	\$ 128,000	\$ 26,000
Compensated absences	11,851	-	3,268	8,583	8,583
Total business-type activities	<u>\$ 165,851</u>	<u>\$ -</u>	<u>\$ 29,268</u>	<u>\$ 136,583</u>	<u>\$ 34,583</u>

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 3 - Detail Notes on All Funds (continued)

B – Liabilities (continued)

Maturities of Long-Term Debt

	Bond Obligation		Installment Purchases		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest
Governmental activities:						
2014	\$ -	\$ -	\$ 18,159	\$ 9,539	\$ 18,159	\$ 9,539
2015	-	-	18,993	8,706	18,993	8,706
2016	-	-	14,090	7,862	14,090	7,862
2017	-	-	8,885	7,321	8,885	7,321
2018	-	-	2,955	6,979	2,955	6,979
2019-2023	-	-	16,710	32,960	16,710	32,960
2024-2028	-	-	20,452	29,218	20,452	29,218
2029-2033	-	-	25,033	24,637	25,033	24,637
2034-2038	-	-	30,640	19,030	30,640	19,030
2039-2043	-	-	37,503	12,167	37,503	12,167
2044-2047	-	-	35,883	3,853	35,883	3,853
Total governmental activities	\$ -	\$ -	\$ 229,303	\$ 162,272	\$ 229,303	\$ 162,272
Business-type activities:						
2014	\$ 26,000	\$ 6,400	\$ -	\$ -	\$ 26,000	\$ 6,400
2015	26,000	5,100	-	-	26,000	5,100
2016	26,000	3,800	-	-	26,000	3,800
2017	26,000	2,500	-	-	26,000	2,500
2018	24,000	1,200	-	-	24,000	1,200
Total business-type activities	\$ 128,000	\$ 19,000	\$ -	\$ -	\$ 128,000	\$ 19,000
Total maturities of long-term debt	\$ 128,000	\$ 19,000	\$ 229,303	\$ 162,272	\$ 357,303	\$ 181,272

Deferred Inflows of Resources

Deferred inflows of resources at year-end is comprised of property taxes receivable of \$454,998.

Interfund Balances and Activity

Balances due to/from other funds at June 30, 2013, consisted of the following:

Due to the Enterprise Fund from the General Fund	<u>\$ 180,000</u>
--	-------------------

The outstanding balance results from the timing differences between when goods and services are provided, recorded, and then subsequently reimbursed.

Town of Maxton, North Carolina
Notes to Financial Statements (continued)
June 30, 2013

Note 4 – Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Note 5 – Subsequent Events

Subsequent events were evaluated through October 31, 2013, which is the date the financial statements were available to be issued.

Note 6 – Change in Accounting Principles/Restatement

The Town implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Liabilities, and Net Position.

Individual Fund Financial Statements Section

General Fund

Town of Maxton, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Fiscal Year Ended June 30, 2013

	2013		Variance
	Budget	Actual	Favorable (Unfavorable)
<u>Revenues</u>			
Ad Valorem taxes			
Current year	\$	\$ 535,101	\$
Prior years		20,421	
Vehicle taxes		67,773	
Other - special district tax		573	
Fire tax		52,785	
Tax discounts		-	
Penalties		18,701	
Total Ad Valorem taxes	<u>666,995</u>	<u>695,354</u>	<u>28,359</u>
Other taxes and licenses			
Privilege licenses		43,479	
Dog tax		10	
Cablevision franchise tax		-	
Total other taxes and licenses	<u>43,450</u>	<u>43,489</u>	<u>39</u>
Unrestricted intergovernmental			
Local option sales tax		443,679	
Payments in lieu of taxes			
Utility franchise tax		118,585	
Beer and wine tax		9,767	
Total unrestricted intergovernmental	<u>487,500</u>	<u>572,031</u>	<u>84,531</u>
Restricted intergovernmental			
Powell Bill allocation		79,168	
Juvenile justice grant		1,000	
Total restricted intergovernmental	<u>71,000</u>	<u>80,168</u>	<u>9,168</u>
Sales and services			
Refuse collection fees		269,361	
Courts costs, fee, and charges		4,260	
Fire inspection fees		-	
Cemetery revenue		950	
Property rents		6,320	
Zoning fees		1,470	
Fire inspection fees		1,250	
Total sales and services	<u>253,200</u>	<u>283,611</u>	<u>30,411</u>
Miscellaneous revenues			
Investment income - Powell Bill		21	
Investment income - other		21	
Insurance proceeds		1,185	
Sale of equipment		556	
ABC distributions		-	
Miscellaneous		29,079	
Total miscellaneous revenues	<u>38,400</u>	<u>30,862</u>	<u>(7,538)</u>
Total revenues	<u>\$ 1,560,545</u>	<u>\$ 1,705,515</u>	<u>\$ 144,970</u>

Town of Maxton, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Fiscal Year Ended June 30, 2013

<u>Expenditures</u>	2013		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
General Government			
Governing body			
Salaries and employee benefits	\$	\$ 28,508	\$
Operating expenses		1,417	
Total governing body	<u>29,935</u>	<u>29,925</u>	<u>10</u>
Administration			
Salaries and employee benefits		79,244	
Operating expenses		6,233	
Professional fees		17,354	
Contracted services		6,103	
Total administration	<u>109,015</u>	<u>108,934</u>	<u>81</u>
Public Buildings			
Salaries and employee benefits		8,050	
Operating expenses		248,034	
Total administration	<u>260,470</u>	<u>256,084</u>	<u>4,386</u>
Total General Government	<u>399,420</u>	<u>394,943</u>	<u>4,477</u>
Public Safety			
Police department			
Salaries and employee benefits		462,976	
Operating expenses		72,791	
Total police department	<u>565,615</u>	<u>535,767</u>	<u>29,848</u>
Fire department			
Contribution to Queheel Fire District		35,461	
Total fire department	<u>45,155</u>	<u>35,461</u>	<u>9,694</u>

Town of Maxton, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Fiscal Year Ended June 30, 2013

	2013		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Expenditures (continued)</u>			
Rescue squad			
Operating expenses		6,960	
Total rescue squad	6,960	6,960	-
Dispatcher department			
Salaries and employee benefits		148,995	
Operating expenses		2,922	
Total dispatcher department	157,580	151,917	5,663
Total Public Safety	\$ 775,310	\$ 730,105	\$ 45,205
Transportation			
Street department			
Salaries and employee benefits	\$	\$ 67,647	\$
Operating expenses		20,539	
Total street department	88,210	88,186	24
Powell Bill			
Salaries and employee benefits		17,993	
Operating expenses		5,837	
Capital outlay		-	
Total Powell Bill	75,000	23,830	51,170
Total Transportation	163,210	112,016	51,194
Environmental Protection			
Sanitation			
Salaries and employee benefits		81,754	
Contracted services		68,219	
Operating expenses		22,479	
Total sanitation	172,465	172,452	13
Total Environmental Protection	172,465	172,452	13

Town of Maxton, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Fiscal Year Ended June 30, 2013

	2013		Variance
	Budget	Actual	Favorable (Unfavorable)
Cultural and Recreational			
Library			
Donation to library		14,300	
Total library	14,300	14,300	-
Parks and recreation			
Activities		8,690	
Total parks and recreation	12,305	8,690	3,615
Total Cultural and Recreational	26,605	22,990	3,615
Debt service			
Debt service - Principal		17,363	
Debt service - Interest		10,335	
Total debt service	28,535	27,698	837
Total expenditures	\$ 1,565,545	\$ 1,460,204	\$ 105,341
Total revenues	\$ 1,560,545	\$ 1,705,515	\$ 144,970
Total expenditures	1,565,545	1,460,204	105,341
Revenue over (under)			
expenditures	(5,000)	245,311	250,311
Other financing sources			
Appropriated fund balance	5,000	-	(5,000)
	5,000	-	(5,000)
Revenue and other financing sources			
over (under) expenditures			
and other financing uses	\$ -	245,311	\$ 245,311
Fund balance - Beginning of year		92,465	
Fund balance - End of year		\$ 337,776	

Enterprise Fund:

Water and Sewer Fund

Town of Maxton, North Carolina
Enterprise Fund - Water and Sewer Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>			
Operating revenue			
Charges for services			
Water and sewer revenue	\$	\$ 679,304	\$
Other operating revenue		55,034	
Total operating revenue	<u>643,785</u>	<u>734,338</u>	<u>90,553</u>
Non-operating revenue			
Various grants		-	
Rent income		-	
Interest earned		61	
	<u>18,000</u>	<u>61</u>	<u>(17,939)</u>
Total revenues	<u>661,785</u>	<u>734,399</u>	<u>72,614</u>
<u>Expenditures</u>			
Water and sewer			
Salaries and employee benefits		304,606	
Telephone and postage		9,311	
Utilities		59,355	
Travel and training		3,383	
Maintenance and repairs		17,492	
Supplies		62,617	
Contracted services		53,420	
Insurance and bonds		48,265	
Uniforms		4,083	
Professional services		11,956	
Dues and subscriptions		4,160	
Miscellaneous		8,818	
Total water and sewer	<u>623,735</u>	<u>587,466</u>	<u>36,269</u>
Debt service			
Interest		7,700	
Principal retirement		26,000	
Total debt service	<u>33,700</u>	<u>33,700</u>	<u>-</u>
Capital outlay	<u>11,075</u>	<u>11,075</u>	<u>-</u>
Total expenditures	<u>\$ 668,510</u>	<u>\$ 632,241</u>	<u>\$ 36,269</u>

Town of Maxton, North Carolina
Enterprise Fund - Water and Sewer Fund
Statement of Revenues and Expenditures -
Budget and Actual (Non-GAAP) (continued)
For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues over (under) expenditures	\$ (6,725)	\$ 102,158	\$ 108,883
Other financing sources (uses):	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Appropriated fund balance	<u>6,725</u>	<u>-</u>	<u>(6,725)</u>
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>\$ 102,158</u>	<u>\$ 102,158</u>

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

Revenues and appropriated fund balance over expenditures	<u>\$ 102,158</u>
Reconciling items	
Transfer to Water and Sewer Capital Projects Fund	-
Bad debt expense - receivable write off	(44,167)
Capital outlay	11,075
Depreciation	(163,042)
Debt principal retirement	<u>26,000</u>
Total reconciling items	<u>(170,134)</u>
Change in net position	<u>\$ (67,976)</u>

Other Schedules

Town of Maxton, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2013

<u>Fiscal Year</u>	<u>Uncollected Balances June 30, 2012</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balances June 30, 2013</u>
2012-2013	\$ -	\$ 787,989	\$ 651,774	\$ 136,215
2011-2012	137,578		45,622	91,956
2010-2011	79,340		10,738	68,602
2009-2010	49,518		6,622	42,896
2008-2009	43,060		3,030	40,030
2007-2008	31,075		2,805	28,270
2006-2007	24,574		950	23,624
2005-2006	21,155		869	20,286
2004-2005	11,862		443	11,419
2003-2004	5,755		55	5,700
2002-2003	16,757		16,757	-
	<u>\$ 420,674</u>	<u>\$ 787,989</u>	<u>\$ 739,665</u>	<u>\$ 468,998</u>
Less - Allowance for uncollectible accounts				<u>(14,000)</u>
Ad Valorem taxes receivable - Net				<u><u>\$ 454,998</u></u>
Reconcilement with revenues:				
Taxes - Ad Valorem - General Fund				\$ 695,354
Reconciling items -				
Penalties				18,701
Prior years taxes released and discounts, net				8,853
Taxes written off				<u>16,757</u>
Total collections and credits				<u><u>\$ 739,665</u></u>

Town of Maxton, North Carolina
Analysis of Current Year's Tax Levy
For the Fiscal Year Ended June 30, 2013

	Town-wide Levy			Total Levy	
	Property Valuation	Tax Rate (Per \$100 Valuation)	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
Property taxed at current year's rate	\$ 97,499,011	0.80	779,992	708,053	71,939
Total levy of property taxes			779,992	708,053	71,939
Less releases and adjustments	(7,901,000)	0.80	(63,208)	(61,564)	(1,644)
Net levy	\$ 89,598,011		716,784	646,489	70,295
Uncollected property taxes at June 30, 2013			(136,215)	(111,388)	(24,827)
Current year taxes collected			580,569	535,101	45,468
Gross levy collection percentage			81.00%	82.77%	64.68%
Information related to additional, not required, analysis:					
Downtown Revitalization	3,006,200	0.10	3,006	3,006	
Fire tax	67,768,060	0.10	67,768	67,768	
Late listing			431	431	
Total property valuation, plus other assorted taxes	<u>\$ 160,372,271</u>		787,989	717,694	70,295
Total levy - all taxes			787,989	717,694	70,295
Uncollected other taxes - June 30, 2013:					
Downtown			(867)	(867)	
Fire			(14,608)	(14,608)	
Late listing			(215)	(215)	-
Uncollected other taxes at June 30, 2013			(15,690)	(15,690)	-
Current year taxes collected - property, fire and other			<u>\$ 636,084</u>	<u>\$ 590,616</u>	<u>\$ 45,468</u>