

REVIEWED

By SLGFD at 2:07 pm, Oct 22, 2021

TOWN OF MAGGIE VALLEY NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

TOWN OF MAGGIE VALLEY NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

**Prepared by Finance Department
Finance Director: Shayne Wheeler**

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2021

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INTRODUCTORY SECTION

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Shayne Wheeler
Finance Officer
swheeler@maggievalleync.gov

828.926.0866 x 101
3987 Soco Road
Maggie Valley, NC 28751

October 11, 2021

The Mayor and Board of Aldermen
Town of Maggie Valley, North Carolina

We are pleased to present the Annual Comprehensive Financial Report of the Town of Maggie Valley for the fiscal year ended June 30, 2021. Laws of the State of North Carolina along with policies and procedures of the North Carolina Local Government Commission requires that all local governments in the State to publish a complete set of financial statements annually. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP). The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm Martin Starnes & Associates, CPS, P.A. and that firm's unmodified opinion is included in the Financial Sections of this report.

Management of the Town of Maggie Valley assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of Maggie Valley

The Town of Maggie Valley (Haywood County), incorporated in 1974, is located at the convergence of the Great Smoky Mountains National Park and the Blue Ridge Parkway in the southwestern mountain region of North Carolina. Maggie Valley's distinctive geography has made it tourist and second home enclave. The town continues to see solid population growth- growing at a rate of 47% between the 2010 and 2020 US Census. The Town's 2020 Census Population is 1,687. In fact, Maggie Valley added the more residents (537) than any other municipality in Haywood County. In addition to permanent residents the Town welcomes an estimated 2,000 seasonal residents during warm weather months. In complement to population growth, the Town continues to grow in land area, as of 2020 the Town Corporate Limits total 3.87 square miles. The Town of Maggie Valley is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexations, which occurs periodically when deemed appropriate by the governing board, with the most recent involuntary annexation becoming effective July 1, 2011.

The Town has the council/manager form of government. The mayor is elected at large and serves four-year terms. The four Aldermen are elected at large and serve staggered four-year terms. The Town Board

holds policy-making and legislative authority. They are also responsible for adopting the budget and appointing the Town Manager. The manager is responsible for implementing policies and managing daily operations.

The Town provides its citizens with a wide range of services primarily through three divisions of government. (1) Administration provides traditional town functions such as town record keeping, tax information, land use planning as well as management of recreational and cultural lands. (2) The Public Works Department is responsible for the operation of the Town's sewer system as well as overseer of a solid waste service program that includes weekly curbside residential trash and recycling pick up, yard debris removal and white goods disposal. Additionally, the Public Works Department provides maintenance and snow removal services to streets within the municipal street system. (3) The Police Department provides twenty-four-hour police protection throughout the Town's corporate limits.

The financial reporting entity includes all the funds and account groups of the Town of Maggie Valley, as well as all of its component units. The Town (as legally defined) is considered to be a primary government. Component units are legally separate entities for which the primary government is financially accountable or for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the primary government and to distinguish their financial positions, results of operations, and cash flows from those of the Town. The Town of Maggie Valley Alcoholic Beverage Control ("ABC") Board is reported as a discretely presented component unit.

In government, the budget is an integral part of the unit's accounting system and daily operations. The North Carolina General Statutes require all governmental units to adopt a balanced budget by July 1 of each year. The Town's budget ordinance, passed by the Board, established a legal limit on spending authorizations. In general, the Town's operating budget remains in effect for one year. However, capital projects funds and grant funds are budgeted, as permitted by statute, for the life of the project. The budget is prepared by fund and department. The Budget Officer may transfer amounts between line-item expenditures within a department without limitation and without a report being required. These changes do not result in an increase in recurring obligations such as salaries. He/she may transfer up to \$1,000 between departments, including contingency appropriations, within the same fund. He/she must make an official report on such transfers at the next regular meeting of the Governing Board. The Governing Board must approve transfers between funds or any revisions that alter the total expenditures of any fund or that changes departmental appropriations.

Local Economy

The Maggie Valley economy is driven primarily by tourism and second/vacation home sales. There are no major industrial operations located within the Town limits. The Town does have a relatively large tax base when compared to the size of the permanent population. This situation is created due to the fact that a large portion of the Town is made up of commercial properties with a larger area of residential housing surrounding it. The Town has historically received a small return on state collected local revenues due to its artificially low population.

The tourism industry has continued to struggle in Maggie Valley because of the declining economy. New home construction and home sales are rising as a result of an improving national economy. The Town's main tourism anchors are Cataloochee Ski Area, Cataloochee Ranch and Wheels Through Time Museum. The Town is also in very close proximity to the Blue Ridge Parkway and Great Smoky Mountains National Park.

In 2008 the Haywood County Board of Commissioners established a 1% Occupancy Tax and set up a Funding Subcommittee for each of the five zip code collection areas. The Maggie Valley zip code received \$305,048 for this fiscal year. Although the COVID-19 pandemic has negatively impacted a number of other tourists and resort town Maggie Valley has collected more occupancy taxes this year than any year on record. The tax can be used on events and/or promotions that are designed to increase the use of lodging facilities, meeting facilities or convention facilities in the Town or to attract tourist or business travelers to the Town.

Long Term Financial Planning

The Town of Maggie Valley total tax value for FY20-21 was \$393,582,930 with a combined budget of \$3,585,869 which was achieved by using a \$0.43 property tax rate. A Haywood County conducted a property revaluation in 2020 which benefited Maggie Valley greatly. The Town's current tax value is \$476,232,233. Knowing future demands and needs of the Town, the Board of Aldermen chose not to establish a revenue neutral rate (\$0.36) for FY21-22 and opted instead of lowering the tax rate three cents to \$0.40 allowing Maggie Valley to retain the distinction of the lowest municipal tax rate in Haywood County. Residential development remains very strong in Maggie Valley. The Town has continued to see an increase in new construction residential permits, a trend that is likely to continue. New neighborhoods such as the Meadows at Campbell Mountain Estates have nearly reached build out within four years of construction and neighborhoods within Maggie Valley Country Club such as Masters Landing and Masters Plateau are the highest valued by acreage in Haywood County. Commercial property in Maggie Valley is doing well in terms of occupancy rates, business diversity and new business growth. To assist this growth the Town Board has allocated \$25,000 for a façade improvement program for eligible commercial buildings.

All major goals identified by the Town Board including the implementation of the Pedestrian Safety Action Plan's Surface Transportation Block Grant required 20% match have been accounted for in the long-term forecast. This project is scheduled to be let by NCDOT in December 2021 or January 2022

Relevant Financial Policies

The Town of Maggie Valley has not officially adopted a fund balance policy, however, has maintained the practice of keeping the fund balance above 100%. This practice has allowed the Town to appropriately handle unforeseen needs and opportunities as they arise while remaining financially sound.

In August 2017, the Board of Aldermen utilized \$178,164 of unassigned fund balance to pay off several general fund installment purchases. The Town has not incurred any new general fund debt since fiscal year ending June 30, 2017, opting to purchase capital assets instead of financing. Beginning in fiscal year 2020-2021, the general fund is debt free.

Major Initiatives

During the year, the Town of Maggie Valley was involved in a number of major projects. Highlights of these projects are discussed in the following paragraphs.

The basic intent of the Town of Maggie Valley Board, management, and staff for this past year (as well as both prior and successive years) has been to work towards an improvement of services to our citizens and our community through a variety of means without increasing costs to our taxpayers. To this end, the Town has sought to improve equipment, personnel, facilities and infrastructure, all while maintaining or reducing the tax rate. To achieve these goals, the Town has utilized a variety of means and methods ranging from capital construction and renovation, leveraging of Town funds with grant funding, and purchasing as well as lease-purchasing equipment, to privatization, and partnerships with other agencies.

The Board of Alderman have devoted continued financial resources to improve the Town's park system. Over the past few years, the Town of Maggie Valley has completed four new parks 1) Mary Rathbone Rich Park, 2) McCracken Corner Park, 3) Elevated Park and 4) Mountain View Drive Greenway. Each of these parks represent the Town's invest in public spaces that allow our residents and visitors to enjoy Jonathan Creek and the surrounding mountains. The Town opened its new Town Hall Park Playground in September 2018. This custom built, wooden playground replaced an aging metal structure. The Board of Aldermen continue to eye new opportunities to enhance its parks and public open space system. The most recent town budget contains \$50,000 for a Veterans Memorial Park.

The Town of Maggie Valley was presented Town Center Master Plan in April 2016. This plan received mixed reviews from the residential and business community as well as affected property owners within the town center district. In response to mixed public reaction, the Town of Maggie Valley's Board of Aldermen suggested that JM Teague Engineering revisit data collected at numerous public design workshops to create a revised plan. In October 2016, the Town received the Town of Maggie Valley Pedestrian Safety Action Plan which focuses on improved pedestrian safety, traffic calming devices and beatification utilizing the existing road right of way. This plan was adopted by the Board of Aldermen in November 2016 and was used by the Town to obtain a Surface Transportation Block Grant (STBG) from the French Broad River MPO for \$2.4 million in May 2018. This grant is an 80/20 grant. This project is administered by NCDOT and is currently in the design and engineering phase. The Board of Aldermen established a capital reserve fund to pay for this project in the FY 19-20 budget; which currently contains \$120,000. In October 2021, NCDOT furnished the Town with 90% pre construction plans for this project – with the goal of letting this project by the first quarter of 2022 and a second quarter of 2022 completion date.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Maggie Valley for its annual comprehensive financial report for the fiscal year ending June 30, 2020. This is the seventeenth consecutive year that Maggie Valley has received this prestigious national award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized that satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedicated efforts of our Finance Department and our auditors, Martin Starnes & Associates CPAs P.A. We also thank the members of the Maggie Valley Board of Aldermen for their continued support throughout the past year.

Respectively submitted,

A handwritten signature in blue ink, appearing to be 'N/C', with a long horizontal flourish extending to the right.

Nathan Clark
Town Manager

A handwritten signature in blue ink, appearing to be 'Shayne Wheeler', with a large circular loop at the end.

Shayne Wheeler
Finance Officer

TOWN OF MAGGIE VALLEY

PRINCIPAL OFFICIALS

JUNE 30, 2021

Mayor:

Mike Eveland

Mayor Pro Tem:

Phillip Wight

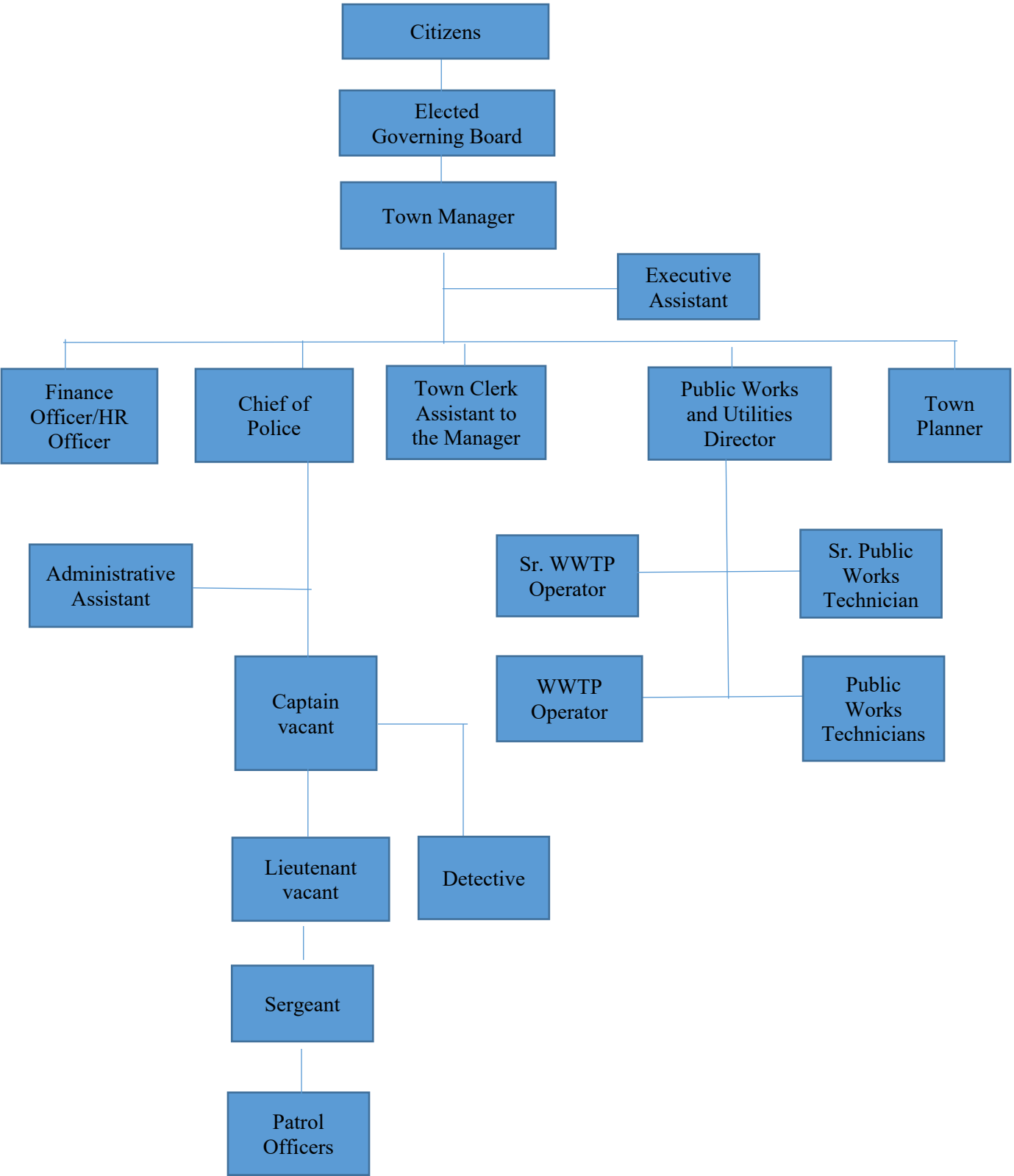
Alderman:

Clayton Davis
Tammy Wight
Twinkle Patel

Town Manager:

Nathan Clark

TOWN OF MAGGIE VALLEY ORGANIZATIONAL CHART





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Maggie Valley
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Independent Auditor's Report

To the Honorable Mayor and
Board of Aldermen
Town of Maggie Valley, 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, and each major fund of the Town of Maggie Valley, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Maggie Valley ABC Board. Those statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it related to the amounts included for the Town of Maggie Valley ABC Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Town of Maggie Valley ABC Board were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, 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, and each major fund of the Town of Maggie Valley, North Carolina, as of June 30, 2021, 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 the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 and the other auditors 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 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 Maggie Valley, North Carolina's, basic financial statements. The introductory section, budget and actual schedules, supplemental ad valorem tax schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budget and actual schedules and supplemental ad valorem tax schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the budget and actual schedules and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2021 on our consideration of the Town of Maggie Valley's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and on the results of that testing, and not to provide an opinion on the effectiveness of the Town of Maggie Valley's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Maggie Valley's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 11, 2021

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2021

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

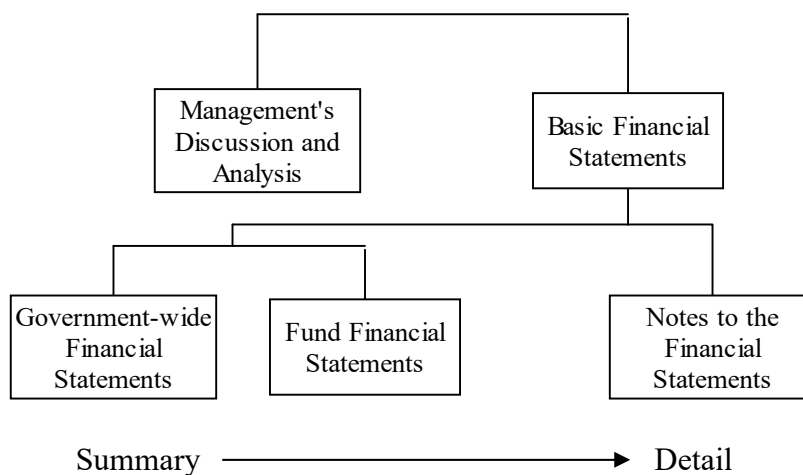
Financial Highlights

- The assets and deferred outflows of resources of the Town of Maggie Valley exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$17,398,627.
- The government's total net position increased by \$702,088 primarily due to increases in the governmental-type activities net position.
- As of the close of the current fiscal year, the Town of Maggie Valley's governmental funds reported a combined ending fund balance of \$4,066,161 with a net change of \$364,089. Approximately 9.25% of this total amount, or \$376,191, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,284,723 or 122.3%, of total General Fund expenditures and transfers out for the fiscal year.
- The Town of Maggie Valley's total debt decreased by \$162,960 (12.50%) during the current fiscal year. The key factor in this decrease was annual retirement of debt and no additional debt.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into 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 public safety, parks and recreation, and general administration. Property taxes and federal and state grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the sewer and parks and recreation services offered by the Town of Maggie Valley. The final category is the component unit. Although legally separate from the Town, the Maggie Valley Alcoholic Beverage Control 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 its profits to the Town.

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) 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 Maggie Valley, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Maggie Valley can be divided into two categories: governmental funds and proprietary funds.

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

Government-Wide Financial Analysis

The Town of Maggie Valley's Net Position
June 30, 2021 and 2020
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets:						
Current and other assets	\$ 4,236,977	\$ 3,862,533	\$ 2,330,284	\$ 2,086,026	\$ 6,567,261	\$ 5,948,559
Capital assets	<u>7,714,897</u>	<u>7,591,841</u>	<u>5,340,403</u>	<u>5,525,907</u>	<u>13,055,300</u>	<u>13,117,748</u>
Total assets	<u>11,951,874</u>	<u>11,454,374</u>	<u>7,670,687</u>	<u>7,611,933</u>	<u>19,622,561</u>	<u>19,066,307</u>
Deferred Outflows of Resources:						
Pension deferral	306,518	253,178	52,629	50,357	359,147	303,535
OPEB deferral	<u>31,035</u>	<u>5,317</u>	<u>7,280</u>	<u>1,329</u>	<u>38,315</u>	<u>6,646</u>
Total deferred outflows of resources	<u>337,553</u>	<u>258,495</u>	<u>59,909</u>	<u>51,686</u>	<u>397,462</u>	<u>310,181</u>
Liabilities:						
Long-term liabilities outstanding	1,034,514	956,710	1,121,989	1,278,205	2,156,503	2,234,915
Other liabilities	<u>169,344</u>	<u>152,121</u>	<u>197,433</u>	<u>223,939</u>	<u>366,777</u>	<u>376,060</u>
Total liabilities	<u>1,203,858</u>	<u>1,108,831</u>	<u>1,319,422</u>	<u>1,502,144</u>	<u>2,523,280</u>	<u>2,610,975</u>
Deferred Inflows of Resources:						
Pension deferrals	76,923	52,248	4,879	1,937	81,802	54,185
OPEB deferrals	9,853	11,074	2,311	2,768	12,164	13,842
Prepaid taxes	<u>4,150</u>	<u>947</u>	<u>-</u>	<u>-</u>	<u>4,150</u>	<u>947</u>
Total deferred inflows of resources	<u>90,926</u>	<u>64,269</u>	<u>7,190</u>	<u>4,705</u>	<u>98,116</u>	<u>68,974</u>
Net Position:						
Net Investment in capital assets	7,714,897	7,591,841	4,199,677	4,222,221	11,914,574	11,814,062
Restricted	349,155	453,580	-	-	349,155	453,580
Unrestricted	<u>2,930,591</u>	<u>2,494,348</u>	<u>2,204,307</u>	<u>1,934,549</u>	<u>5,134,898</u>	<u>4,428,897</u>
Total net position	<u>\$ 10,994,643</u>	<u>\$ 10,539,769</u>	<u>\$ 6,403,984</u>	<u>\$ 6,156,770</u>	<u>\$ 17,398,627</u>	<u>\$ 16,696,539</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Maggie Valley exceeded liabilities and deferred inflows of resources by \$17,398,627 as of June 30, 2021. The Town's net position increased by \$702,088 for the fiscal year ended June 30, 2021. However, the largest portion (68.48%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Maggie Valley uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Maggie Valley's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Maggie Valley's net position, \$349,155, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,134,898 is unrestricted.

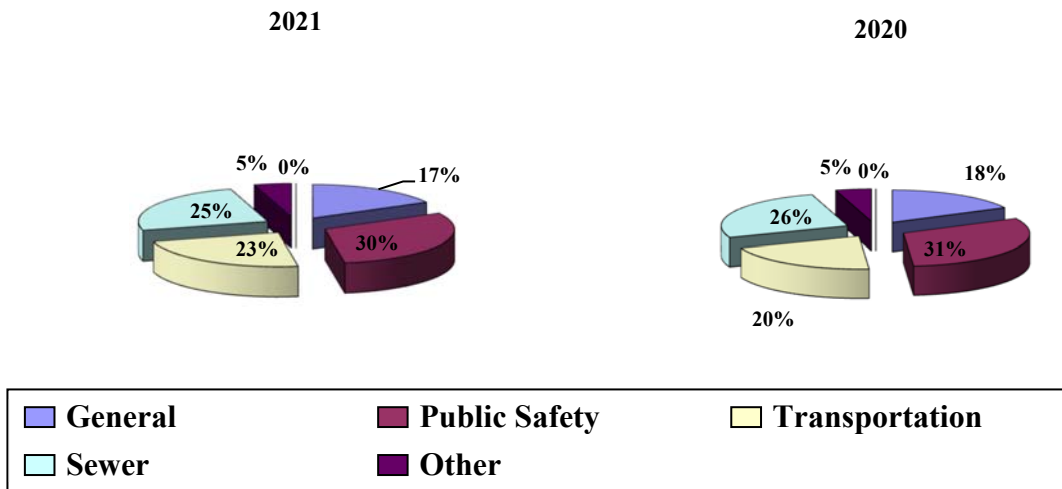
Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Maintained a 98.05% collection rate in property tax. An increase of .67%
- Local option sales tax increased \$70,842 from the prior year.
- Proceeds from sale of disposed assets of \$66,803
- No new debt issued

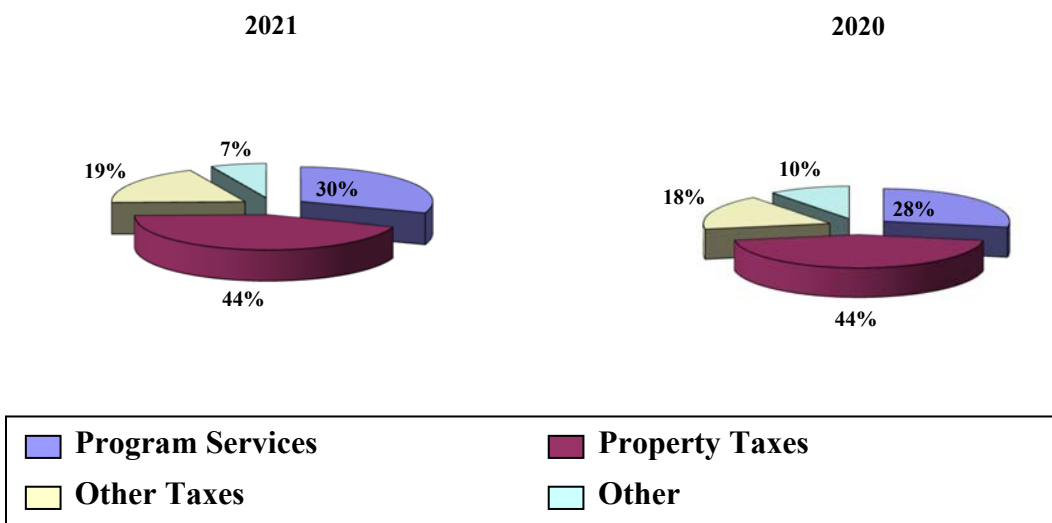
**Town of Maggie Valley Changes in Net Position
For the Years Ended June 30, 2021 and 2020
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 177,930	\$ 130,499	\$ 1,072,910	\$ 984,139	\$ 1,250,840	\$ 1,114,638
Operating grants and contributions	63,436	241,030	-	-	63,436	241,030
General revenues:						
Property taxes	1,812,646	1,768,387	-	-	1,812,646	1,768,387
Other taxes	763,494	697,004	-	-	763,494	697,004
Grants and contributions, not restricted to specific programs	147,863	31,737	-	-	147,863	31,737
Other	52,685	99,944	13,155	40,149	65,840	140,093
Total revenues	<u>3,018,054</u>	<u>2,968,601</u>	<u>1,086,065</u>	<u>1,024,288</u>	<u>4,104,119</u>	<u>3,992,889</u>
Expenses:						
General government	582,041	592,437	-	-	582,041	592,437
Public safety	1,036,132	1,059,402	-	-	1,036,132	1,059,402
Transportation	787,059	691,168	-	-	787,059	691,168
Parks and recreation	157,948	152,938	-	-	157,948	152,938
Interest on long-term debt	-	1,193	-	-	-	1,193
Sewer Fund	-	-	838,851	893,146	838,851	893,146
Total expenses	<u>2,563,180</u>	<u>2,497,138</u>	<u>838,851</u>	<u>893,146</u>	<u>3,402,031</u>	<u>3,390,284</u>
Change in net position	454,874	471,463	247,214	131,142	702,088	602,605
Net Position:						
Beginning of year	<u>10,539,769</u>	<u>10,068,306</u>	<u>6,156,770</u>	<u>6,025,628</u>	<u>16,696,539</u>	<u>16,093,934</u>
End of year - June 30	<u>\$ 10,994,643</u>	<u>\$ 10,539,769</u>	<u>\$ 6,403,984</u>	<u>\$ 6,156,770</u>	<u>\$ 17,398,627</u>	<u>\$ 16,696,539</u>

Government-Wide Expenses Figure 4



Government-Wide Revenues Figure 5



Governmental Activities. Governmental activities increased the Town's net position by \$454,874, thereby accounting for 64.79% of the total growth in the net position of the Town of Maggie Valley. Key elements of this increase are as follows:

- Increase in local sales tax by \$70,842 or 16.27%
- Increase in property tax by \$44,259 or 2.5%
- Increase in solid waste collection fees by \$15,079 or 17.55% due to fee increase
- Proceeds from sale of disposed assets of \$66,803

Business-Type Activities. Business-type activities increased the Town of Maggie Valley's net position by \$247,214, accounting for 35.21% of the total increase in the government's net position. Key elements of this increase are as follows:

- Increase in Sewer Capacity Capital Charge by \$85,896 or 89.88% due to new residential construction, campground expansion, and a meat processing plant.
- Proceeds from sale of disposed assets of \$8,000

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Maggie Valley. At the end of the current fiscal year, available fund balance of the General Fund was \$3,779,119, while total fund balance reached \$4,066,161. The Town currently has available fund balance of 140.76 % of general fund expenditures and transfers out, while total fund balance represents 151.45% of the same amount.

At June 30, 2021, the governmental funds of the Town of Maggie Valley reported a fund balance of \$4,066,161 with a net increase in fund balance of \$364,089. Included in this change in fund balance is an increase in fund balance for the General Fund. As discussed earlier in connection with governmental activities, the increase was due to increased revenues from local sales tax, property tax, solid waste fee increases and sale of assets.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased the budget by approximately \$511,938. The Town significantly reduced revenues and expenditures for fiscal year 2020 – 2021 due to the anticipation of revenue shortfalls due to COVID-19. The Town did not see revenue shortfalls due to COVID-19. The Town reviewed the financial status mid-year and

determined salary increases, purchases and other projects removed from the budget could move forward.

The major increases are due to the following:

- 2019/2020 Encumbrance - \$133,531. The Town had several outstanding projects that carried over into fiscal year 2020-2021 including a waterfall design project, Powell Bill paving project, upgrading financial software and equipment purchase.
- Purchase of land at 3399 Soco Road - \$188,664. This land purchase provides additional parking for the festival grounds.
- Increase part-time salary budget and add a new full-time public works employee - \$28,838
- Mid-year salary increases - \$26,051. Due to the unknown of COVID-19 effect on the budget, no salary increases were given until January 2021.
- Increased Powell Bill budget to include engineering study for bank stabilization - \$16,400
- Purchase a 2020 Dodge Charger - \$27,951 due to a total loss of a 2019 Dodge Charger. The purchase was made from the insurance settlement.
- Replaced Town Hall HVAC system \$11,394. The unit replaced was no longer functional.
- Purchase of an additional Winter Wood Ski Town display - \$52,000. The Haywood County Tourism Development Authority awarded the funds to the Town for the purchase.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to \$2,204,307. The total change in net position for the Sewer Fund was \$247,214. Other factors concerning the finances of the Sewer Fund has already been addressed in the discussion of the Town of Maggie Valley's business-type activities.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$13,055,300 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Upgraded Financial Software \$116,898
- Upgraded an empty office into a Records Room \$15,694
- Purchased property at 3399 Soco Road \$188,644
- Purchased 2021 Dodge Charger \$27,951
- Purchased of a 2021 Ferris Mower \$9,599
- Purchase of a 2021 Ford F550 Dump Truck \$51,487
- Purchase of a Message board \$16,975
- Purchase of an Arrow Board & Panel Assembly \$6,738
- Purchase of a Winter Woods Light Display \$48,419
- Resurfacing Brannon Forest Drive and Hemlock Loop \$78,981
- Replaced HVAC unit at Town Hall \$11,394
- Disposed of a 2019 Dodge Charger with an original price of \$24,536
- Disposed of a 2008 Ford F550 with an original price of \$36,468
- Disposed of a Trailer Jet machine with an original price of \$29,990

Town of Maggie Valley's Capital Assets
(Net of depreciation)
June 30, 2021 and 2020
Figure 6

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 2,361,804	\$ 2,173,161	\$ 125,250	\$ 125,250	\$ 2,487,054	\$ 2,298,411
Construction in Progress	-	71,167	-	22,542	-	93,709
Buildings and systems	3,230,272	3,230,272	8,234,496	8,234,496	11,464,768	11,464,768
Improvements other than buildings	299,449	283,755	139,780	139,780	439,229	423,535
Machinery and equipment	949,791	766,517	242,448	245,689	1,192,239	1,012,206
Infrastructure	4,293,355	4,214,374	-	-	4,293,355	4,214,374
Vehicles	611,374	592,940	75,296	75,296	686,670	668,236
Total	11,746,045	11,332,186	8,817,270	8,843,053	20,563,315	20,175,239
Accumulated depreciation	(4,031,148)	(3,740,345)	(3,476,867)	(3,317,146)	(7,508,015)	(7,057,491)
Capital assets, net	<u>\$ 7,714,897</u>	<u>\$ 7,591,841</u>	<u>\$ 5,340,403</u>	<u>\$ 5,525,907</u>	<u>\$ 13,055,300</u>	<u>\$ 13,117,748</u>

Additional information on the Town's capital assets can be found on pages 39-40 in the notes to the financial statements.

Long-Term Debt. As of June 30, 2021, the Town of Maggie Valley had no bonded debt outstanding.

Town of Maggie Valley's Outstanding Debt
June 30, 2021 and 2020

Figure 7

	Governmental Activities		Business-Type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Installment purchase contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,140,726</u>	<u>\$ 1,303,686</u>	<u>\$ 1,140,726</u>	<u>\$ 1,303,686</u>

The Town of Maggie Valley's total debt decreased by \$162,960 during the past fiscal year, primarily due to the \$162,960 in retirement of debt. During the fiscal year, the Town did not issue any new debt.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 % of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Maggie Valley was \$33,579,251.

Additional information regarding the Town of Maggie Valley's long-term debt can be found beginning on page 56 of this report.

Economic Factors and Next Year's Budgets and Rates

- For FY20-21, the Town of Maggie Valley's tax rate is once approved at \$0.43- this is the lowest municipal tax rate in Haywood County. The approved fiscal year general fund budget is \$2,679,607 which is an 10.9% decrease from the previous year- which was generated from conservative budgeting due to the many economic unknowns of the COVID-19 pandemic. Based upon the Town's estimated tax value of \$394,984,584 combined with a tax collection rate of 94% will yield \$1,596,528 in property tax revenue. Fundamentally each "penny" on the tax rate equals \$37,129. The approved budget will allow the Town to operate FY20-21 with a "debt free" general fund and a fund balance in excess of 100- the same will be true for the next fiscal year. Looking ahead to FY21-22 the Town's return to normal budgeting practices as COVID-19 became less of a concern.
- In November 2015, the Town entered into contract with J.M. Teague Engineering, PLLC, to develop a logical, comprehensive town center master plan that will focus on action-oriented implementation, encourage economic growth, and ensure cohesiveness of design, style, and functionality. The Down Town Master Plan was presented to the Board of Alderman in April 2016. Parts of the plan were well received, other were not. During the spring and summer of 2016, J.M. Teague Engineering have worked with Town Staff to develop a revised plan known as the Pedestrian Safety Action Plan, that focuses on the Town's need for improved pedestrian & bicycle infrastructure that emphasizes safety and accessibility. The Board of Aldermen formally endorsed this Plan in November 2016 which then allowed the Town to pursue a Surface Transportation Block Grant from the French Broad River MPO. The Town was awarded \$2.3 million to turn this concept plan into a reality. This plan is now being administered by NCDOT and is in the formal design and engineering phase. The grant is an 80/20; to prepare to pay for its share of the grant the Town established a Capital Reserve Fund within the FY19-20. In each successive budget year, \$120,000 was placed in this fund which now totals \$360,000 which meets the Town's budget currently funded at \$120,000. It is the Town's goal to place at least an additional \$120,000 in this fund during FY20-21.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities. The 2021-2022 budgeted expenditures in the General Fund are expected to increase by 14.51% from the prior year. The increase is a reflection of the 10.09% decrease from prior year COVID-19 reductions. The Town does not anticipate any COVID-19 related issue for fiscal year 2021 - 2022. The Town will use fund balance to purchase a storage facility.

Tax year 2021 is a revaluation year for Haywood County, the Town anticipates a 26% increase in property values. The estimated revenue neutral tax rate is .369. The Board of Aldermen/Women adopted a 2021 tax rate of .40.

The major budgeted expenditures include replacing entrance doors at Townhall, upgrading security cameras at Townhall, Mary Rathbone Memorial Park and Parham Park, creating a Veterans Memorial Park, purchase and equip two new police vehicles, upgrade IT equipment at the Police department, a Public Works storage facility, Rocky Top Road resurfacing project, and Springlake Road repairs. The approximate amount of fund balance to be used is \$158,290.

Business-Type Activities. The Sewer Fund is expected to increase by 34.84%. Sewer fees increased by 6.25% for 2021-2022. The Sewer Fund does not anticipate any COVID-19 related issues for fiscal year 2021-2022. The Sewer Fund expenditures include a levee repair, wastewater treatment plant facility improvements, removal of an ariel sewer crossing and a Sewer Use Ordinance update. The Sewer Fund will reduce retained earnings to finance the projects.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Town of Maggie Valley, 3987 Soco Road, Maggie Valley, North Carolina 28751. One can also call 828-926-0866, visit our website at www.maggievalleync.gov or send an email to swheeler@maggievalleync.gov for more information.

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BASIC FINANCIAL STATEMENTS

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Town of Maggie Valley ABC Board
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 3,575,119	\$ 1,846,889	\$ 5,422,008	\$ 481,311
Investments	271,925	294,825	566,750	-
Taxes receivable, net	43,731	-	43,731	-
Accounts receivable, net	243,525	184,110	427,635	7,552
Prepays	27,036	4,460	31,496	13,098
Inventories	-	-	-	373,578
Restricted cash	75,641	-	75,641	-
Total current assets	4,236,977	2,330,284	6,567,261	875,539
Non-current assets:				
Capital assets:				
Land and construction in progress	2,361,804	125,250	2,487,054	484,150
Other capital assets, net of depreciation	5,353,093	5,215,153	10,568,246	903,160
Total capital assets	7,714,897	5,340,403	13,055,300	1,387,310
Total assets	11,951,874	7,670,687	19,622,561	2,262,849
Deferred Outflows of Resources:				
Pension deferrals	306,518	52,629	359,147	68,164
OPEB deferrals	31,035	7,280	38,315	-
Total deferred outflows of resources	337,553	59,909	397,462	68,164
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	102,876	19,718	122,594	63,086
Liabilities payable from restricted assets:				
Security deposit	18,090	-	18,090	-
Accrued interest payable	-	-	-	5,989
Long-term liabilities due within one year	48,378	177,715	226,093	57,517
Total current liabilities	169,344	197,433	366,777	126,592
Long-term liabilities:				
Net pension liability LGERS	335,045	83,761	418,806	92,909
Total pension liability - LEOSSA	455,835	-	455,835	-
Total OPEB liability	214,100	50,222	264,322	-
Due in more than one year	29,534	988,006	1,017,540	119,263
Total long-term liabilities	1,034,514	1,121,989	2,156,503	212,172
Total liabilities	1,203,858	1,319,422	2,523,280	338,764
Deferred Inflows of Resources:				
Pension deferrals	76,923	4,879	81,802	-
OPEB deferrals	9,853	2,311	12,164	-
Prepaid taxes	4,150	-	4,150	-
Total deferred inflows of resources	90,926	7,190	98,116	-
Net Position:				
Net investment in capital assets	7,714,897	4,199,677	11,914,574	1,216,484
Restricted for:				
Stabilization by state statute	260,006	-	260,006	-
Working capital	-	-	-	112,154
Streets	57,551	-	57,551	-
Public safety	31,598	-	31,598	-
Unrestricted	2,930,591	2,204,307	5,134,898	663,611
Total net position	\$ 10,994,643	\$ 6,403,984	\$ 17,398,627	\$ 1,992,249

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 582,041	\$ 1,340	\$ 24,224	\$ -
Public safety	1,036,132	41,800	2,625	-
Transportation	787,059	100,975	36,587	-
Parks and recreation	157,948	33,815	-	-
Total governmental activities	<u>2,563,180</u>	<u>177,930</u>	<u>63,436</u>	<u>-</u>
Business-Type Activities:				
Sewer	838,851	1,072,910	-	-
Total primary government	<u>\$ 3,402,031</u>	<u>\$ 1,250,840</u>	<u>\$ 63,436</u>	<u>\$ -</u>
Component Unit:				
ABC Board	<u>\$ 722,472</u>	<u>\$ 943,011</u>	<u>\$ -</u>	<u>\$ -</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Town of Maggie Valley ABC Board
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ (556,477)	\$ -	\$ (556,477)	
Public safety	(991,707)	-	(991,707)	
Transportation	(649,497)	-	(649,497)	
Parks and recreation	(124,133)	-	(124,133)	
Total governmental activities	(2,321,814)	-	(2,321,814)	
Business-Type Activities:				
Sewer	-	234,059	234,059	
Total primary government	(2,321,814)	234,059	(2,087,755)	
Component Unit:				
ABC Board				\$ 220,539
General Revenues:				
Taxes:				
Property taxes	1,812,646	-	1,812,646	-
Local option sales tax	506,328	-	506,328	-
Franchise tax	200,676	-	200,676	-
Occupancy tax	55,419	-	55,419	-
Disposal tax	1,071	-	1,071	-
Unrestricted intergovernmental revenues	147,863	-	147,863	-
Unrestricted investment earnings	4,022	5,155	9,177	121
Gain on disposal	48,663	8,000	56,663	-
Total general revenues	2,776,688	13,155	2,789,843	121
Change in net position	454,874	247,214	702,088	220,660
Net Position:				
Beginning of year - July 1	10,539,769	6,156,770	16,696,539	1,771,589
End of year - June 30	\$ 10,994,643	\$ 6,403,984	\$ 17,398,627	\$ 1,992,249

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2021

	<u>Major Fund</u>
	<u>General</u>
	<u>Fund</u>
Assets:	
Cash and cash equivalents	\$ 3,575,119
Restricted cash	75,641
Investments	271,925
Receivables, net:	
Taxes	43,731
Governmental	243,525
Prepays	27,036
Total assets	<u>\$ 4,236,977</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:	
Liabilities:	
Accounts payable and accrued liabilities	\$ 102,876
Liabilities payable from restricted assets:	
Security deposits	18,090
Total liabilities	<u>120,966</u>
Deferred Inflows of Resources:	
Property taxes receivable	43,731
Special assessment receivable	1,969
Prepaid taxes	4,150
Total deferred inflows of resources	<u>49,850</u>
Fund Balance:	
Non-spendable:	
Prepays	27,036
Restricted:	
Stabilization by state statute	260,006
Streets	57,551
Public safety	31,598
Committed	246,957
Assigned	158,290
Unassigned	3,284,723
Total fund balance	<u>4,066,161</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,236,977</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2021

	<u>Major Fund</u> <u>General</u> <u>Fund</u>
Total fund balance	\$ 4,066,161
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	7,714,897
Net pension liability - LGERS	(335,045)
Total pension liability - LEOSSA	(455,835)
Total OPEB liability	(214,100)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(77,912)
Deferred outflows of resources related to pensions are not reported in the funds.	306,518
Deferred outflows of resources related to OPEB are not reported in the funds.	31,035
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	45,700
Deferred inflows of resources related to pensions are not reported in the funds.	(76,923)
Deferred inflows of resources related to OPEB are not reported in the funds.	<u>(9,853)</u>
Net position of governmental activities per Exhibit A	<u>\$ 10,994,643</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	<u>Major Fund</u>
	<u>General</u>
	<u>Fund</u>
Revenues:	
Ad valorem taxes	\$ 1,825,337
Other taxes	763,494
Unrestricted intergovernmental revenues	147,863
Restricted intergovernmental revenues	39,212
Permits and fees	41,800
Sales and services	136,130
Interest earned on investments	4,022
Miscellaneous	<u>24,224</u>
Total revenues	<u>2,982,082</u>
Expenditures:	
Current:	
General government	569,352
Public safety	998,290
Transportation	821,698
Parks and recreation	<u>295,456</u>
Total expenditures	<u>2,684,796</u>
Revenues over (under) expenditures	297,286
Other Financing Sources (Uses):	
Proceeds from the sale of capital assets	<u>66,803</u>
Net change in fund balance	364,089
Fund Balance:	
Beginning of year - July 1	<u>3,702,072</u>
End of year - June 30	<u>\$ 4,066,161</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

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

Net change in fund balance - total governmental funds (Exhibit D)	\$	364,089
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Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:

Property taxes and special assessment receivables	(12,691)
---	----------

In the Statement of Activities, only the gain or loss on disposal of capital assets is reported, whereas, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of.	(18,140)
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OPEB plan expense	(20,658)
-------------------	----------

Pension expense - LGERS	(12,636)
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Pension expense - LEOSSA	17,231
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Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(3,517)
--	---------

Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	474,863
--	---------

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(333,667)
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Change in net position of governmental activities per Exhibit B	\$	<u>454,874</u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 1,727,656	\$ 1,739,050	\$ 1,825,337	\$ 86,287
Other taxes	583,787	645,787	763,494	117,707
Unrestricted intergovernmental	9,675	13,049	147,863	134,814
Restricted intergovernmental	55,796	115,218	39,212	(76,006)
Permits and fees	7,300	7,300	41,800	34,500
Sales and services	119,496	125,105	136,130	11,025
Interest earned on investments	10,900	10,900	4,022	(6,878)
Miscellaneous	26,481	26,481	24,224	(2,257)
Total revenues	<u>2,541,091</u>	<u>2,682,890</u>	<u>2,982,082</u>	<u>299,192</u>
Expenditures:				
Current:				
General government	561,863	649,427	569,352	80,075
Public safety	1,197,410	1,228,137	998,290	229,847
Transportation	724,625	905,275	821,698	83,577
Parks and recreation	144,745	357,742	295,456	62,286
Total expenditures	<u>2,628,643</u>	<u>3,140,581</u>	<u>2,684,796</u>	<u>455,785</u>
Revenues over (under) expenditures	<u>(87,552)</u>	<u>(457,691)</u>	<u>297,286</u>	<u>754,977</u>
Other Financing Sources (Uses):				
Appropriated fund balance	72,552	407,390	-	(407,390)
Proceeds from the sale of capital assets	15,000	50,301	66,803	16,502
Total other financing sources (uses)	<u>87,552</u>	<u>457,691</u>	<u>66,803</u>	<u>(390,888)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>364,089</u>	<u>\$ 364,089</u>
Fund Balance:				
Beginning of year - July 1			<u>3,702,072</u>	
End of year - June 30			<u>\$ 4,066,161</u>	

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	<u>Major Fund</u> <u>Sewer Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,846,889
Investments	294,825
Accounts receivable, net	184,110
Prepays	4,460
Total current assets	<u>2,330,284</u>
Non-current assets:	
Land and other non-depreciable assets	125,250
Other capital assets, net of depreciation	<u>5,215,153</u>
Total capital assets, net	<u>5,340,403</u>
Total non-current assets	<u>5,340,403</u>
Total assets	<u>7,670,687</u>
Deferred Outflows of Resources:	
OPEB deferrals	7,280
Pension deferrals	<u>52,629</u>
Total deferred outflows of resources	<u>59,909</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	19,718
Current portion of installment purchase contracts	162,960
Current portion of compensated absences payable	<u>14,755</u>
Total current liabilities	<u>197,433</u>
Non-current liabilities:	
Installment purchase contracts payable	977,766
Compensated absences payable	10,240
Net pension liability	83,761
Total OPEB liability	<u>50,222</u>
Total non-current liabilities	<u>1,121,989</u>
Total liabilities	<u>1,319,422</u>
Deferred Inflows of Resources:	
OPEB deferrals	2,311
Pension deferrals	<u>4,879</u>
Total deferred inflows of resources	<u>7,190</u>
Net Position:	
Net investment in capital assets	4,199,677
Unrestricted	<u>2,204,307</u>
Total net position	<u>\$ 6,403,984</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Major Fund</u> <u>Sewer Fund</u>
Operating Revenues:	
Charges for services	\$ 1,065,092
Operating Expenses:	
Administration	313,135
Waste collection and treatment	308,628
Depreciation	189,711
Total operating expenses	<u>811,474</u>
Operating income (loss)	<u>253,618</u>
Non-Operating Revenues (Expenses):	
Interest earned on investments	5,155
Gain (loss) on sale of assets	8,000
Miscellaneous	7,818
Interest expense	<u>(27,377)</u>
Total non-operating revenues (expenses)	<u>(6,404)</u>
Change in net position	247,214
Net Position:	
Beginning of year - July 1	<u>6,156,770</u>
End of year - June 30	<u><u>\$ 6,403,984</u></u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>Major Fund</u> <u>Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,014,837
Cash paid for goods and services	(335,932)
Cash paid to employees for services	(314,196)
Other revenues	7,818
Net cash provided (used) by operating activities	<u>372,527</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(4,207)
Proceeds from sale of assets	8,000
Principal paid on installment purchase contracts	(162,960)
Interest paid on debt	(27,377)
Net cash provided (used) for capital and related financing activities	<u>(186,544)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>5,155</u>
Net increase (decrease) in cash and cash equivalents	191,138
Cash and cash equivalents - July 1	<u>1,950,576</u>
Cash and cash equivalents - June 30	<u>\$ 2,141,714</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 253,618
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	189,711
Non-operating revenue	7,818
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(50,255)
(Increase) decrease in prepaid items	(2,865)
Increase (decrease) in deferred outflows of resources for OPEB	(5,951)
(Increase) decrease in deferred outflows of resources for pensions	(2,272)
Increase (decrease) in deferred inflows of resources for pensions	2,942
Increase (decrease) in deferred inflows of resources for OPEB	(457)
Increase (decrease) in net pension liability	2,489
Increase (decrease) in trade accounts payable and accrued liabilities	(30,848)
Increase (decrease) in other post-employment benefits	8,597
Net cash provided (used) by operating activities	<u>\$ 372,527</u>

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

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Maggie Valley (the “Town”) and its discretely presented component unit conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected Mayor and a four-member Board of Aldermen. As required by accounting principles generally accepted in the United States of America, 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 Maggie Valley ABC Board

The members of the ABC Board’s governing board are appointed by the Town. In addition, the ABC Board is required by state statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity’s administrative offices at Town of Maggie Valley ABC Board, U.S. Highway 19, Maggie Valley, North Carolina 28751.

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government and its component unit. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements include the financial activities of the overall government. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor 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.

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 and state-shared tax revenues. The primary expenditures are for public safety, streets and sidewalks, sanitation, parks and recreation, and general government services.

The Town reports the following major enterprise fund:

Sewer Fund. This fund is used to account for the activities associated with operating and maintaining the Town's sewer and surface drainage systems.

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 for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the state at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Maggie Valley because the tax is levied by Haywood County and then remitted to and distributed by the state. Most intergovernmental revenues and sales and services are not susceptible to accrual, because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program 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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

E. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the enterprise funds. All annual appropriations lapse at fiscal year-end. 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 project level for multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. 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.

As required by G.S. 159-26(d), the Town maintains encumbrance accounts which are considered to be "budgetary accounts." Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

F. 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.

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 non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

The Town's and the ABC Board's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, an SEC-registered (2a-7) government money market fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and equivalents. The ABC Board considers all highly liquid investments with a maturity of three months or less to be cash and cash equivalents.

Restricted Cash

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

Restricted cash at June 30, 2021 consists of the following:

Governmental Activities:

General Fund:

Transportation - streets	\$ 57,551
Public safety - security deposit	5,000
Parks and recreation - security deposit	<u>13,090</u>
Total governmental activities	<u>75,641</u>
 Total restricted cash	 <u><u>\$ 75,641</u></u>

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, 2020. As allowed by state law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Inventories

The inventories of the ABC Board are valued at cost (first-in, first-out), which approximates market. The ABC Board's inventory consists of merchandise held for resale.

Prepays

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded), and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated on the straight-line basis over the estimated useful lives of the assets as follows:

<u>Asset</u>	<u>Estimated Useful Life</u>
Infrastructure	15-50 years
Buildings and other improvements	25-50 years
Machinery and equipment	5-10 years
Vehicles	6-10 years

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on the straight-line basis as follows:

<u>Asset</u>	<u>Estimated Useful Life</u>
Buildings	39 years
Buildings and other improvements	30 years
Land improvements	15 years
Furniture/equipment	5-10 years

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 two items that meet these criteria – OPEB deferrals and pension deferrals. In addition to liabilities, the Statement of Net 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(s) and so will not be recognized as revenue until then. The Town has several items that meet the criteria for this category – prepaid taxes, property taxes receivable, special assessment receivable, OPEB deferrals, and pension deferrals.

Long-Term Debt

In the government-wide financial statements and proprietary fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to 30 days earned vacation leave, with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

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

Net Position

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

Prepays – portion of fund balance that is not an available resource because it represents the balance in prepaids, which are not spendable resources.

Restricted Fund Balance

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

Stabilization by State Statute – portion of fund balance that is not an available resource for appropriation in accordance with state law [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.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for law enforcement and alcohol education.

Committed Fund Balance

This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Aldermen is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Capital Improvements – represents the portion of fund balance committed by the governing body for future capital related purposes.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Committed for Soco Road Project - represents the portion of fund balance committed by the governing body for future Soco Road pedestrian and bicycle lane improvements project.

<u>Purpose</u>	<u>General Fund</u>
<i>Committed:</i>	
Capital improvements	\$ 6,957
Soco Road project	240,000
Total	<u>\$ 246,957</u>

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that the Town of Maggie Valley intends to use for specific purposes. The Town's governing body has the authority to assign fund balance. The Manager and Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

	<u>General Fund</u>
<i>Assigned for Subsequent Year's Expenditures</i> - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.	<u>\$ 158,290</u>

Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The Town of Maggie Valley has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, state funds, local non-Town funds, and 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 or when required by grant or other contractual agreements.

The Town has not officially adopted a fund balance policy.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

Total Fund Balance - General Fund	\$ 4,066,161
Less:	
Prepays	27,036
Stabilization by state statute	<u>260,006</u>
Total available fund balance	<u><u>\$ 3,779,119</u></u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

	<u>General Fund</u>
Encumbrances	<u><u>\$ 18,450</u></u>

Defined Benefit Cost-Sharing Plans

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

2. Detail Notes On All Funds

A. Assets

Deposits

All of the deposits of the Town and of 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 ABC Board's agent 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 or ABC Board's agent 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 ABC Board or the escrow agent. Because

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

of the inability to measure the exact amount of collateral pledged for the Town 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 the ABC Board have no policies regarding custodial credit risk for deposits. The Town complies with G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$5,497,349 and a bank balance of \$5,571,801. Of the bank balance, \$255,381 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The Town also has cash on hand of \$300 at June 30, 2021.

The ABC Board's deposits had a carrying value of \$476,201 and a bank balance of \$626,417 at June 30, 2021. \$250,000 of the ABC Board's bank balance was covered by federal depository insurance. The ABC Board maintains petty cash at each store in the amount of \$2,555, for a total amount of \$5,110 in undeposited funds.

Investments

At June 30, 2021, the Town's investment balances were as follows:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	<u>\$ 566,750</u>	<u>\$ 566,750</u>

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

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

Credit Risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2021.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Capital Assets

The following is a summary of changes in the governmental capital assets during the fiscal year:

Governmental Activities:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2021</u>
Non-Depreciable Capital Assets:				
Land	\$ 2,173,161	\$ 188,643	\$ -	\$ 2,361,804
Construction in progress	71,167	-	(71,167)	-
Total non-depreciable capital assets	<u>2,244,328</u>	<u>188,643</u>	<u>(71,167)</u>	<u>2,361,804</u>
Depreciable Capital Assets:				
Buildings	3,230,272	-	-	3,230,272
Improvements, other than buildings	283,755	15,694	-	299,449
Machinery and equipment	766,517	183,274	-	949,791
Vehicles	592,940	79,438	(61,004)	611,374
Infrastructure	4,214,374	78,981	-	4,293,355
Total depreciable capital assets	<u>9,087,858</u>	<u>357,387</u>	<u>(61,004)</u>	<u>9,384,241</u>
Less Accumulated Depreciation:				
Buildings	1,164,573	89,196	-	1,253,769
Improvements, other than buildings	189,337	14,612	-	203,949
Machinery and equipment	597,410	28,130	-	625,540
Vehicles	374,923	65,236	(42,864)	397,295
Infrastructure	1,414,102	136,493	-	1,550,595
Total accumulated depreciation	<u>3,740,345</u>	<u>\$ 333,667</u>	<u>\$ (42,864)</u>	<u>4,031,148</u>
Governmental activities capital assets, net	<u>\$ 7,591,841</u>			<u>\$ 7,714,897</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Business-Type Activities:

	<u>June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2021</u>
Sewer Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 125,250	\$ -	\$ -	\$ 125,250
Construction in progress	22,542	-	(22,542)	-
Total non-depreciable capital assets	<u>147,792</u>	<u>-</u>	<u>(22,542)</u>	<u>125,250</u>
Depreciable Capital Assets:				
Building and systems	8,234,496	-	-	8,234,496
Improvements, other than buildings	139,780	-	-	139,780
Machinery and equipment	245,689	26,749	(29,990)	242,448
Vehicles	75,296	-	-	75,296
Total depreciable capital assets	<u>8,695,261</u>	<u>26,749</u>	<u>(29,990)</u>	<u>8,692,020</u>
Less Accumulated Depreciation:				
Buildings and systems	3,107,743	167,865	-	3,275,608
Improvements, other than buildings	39,453	3,494	-	42,947
Machinery and equipment	109,890	12,505	(29,990)	92,405
Vehicles	60,060	5,847	-	65,907
Total accumulated depreciation	<u>3,317,146</u>	<u>\$ 189,711</u>	<u>\$ (29,990)</u>	<u>3,476,867</u>
Sewer Fund				
capital assets, net	<u>\$ 5,525,907</u>			<u>\$ 5,340,403</u>

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

Governmental Activities:

General government	\$ 39,731
Public safety	63,919
Transportation	181,030
Parks and recreation	48,987
Total	<u>\$ 333,667</u>

Business-Type Activities:

Sewer Fund	<u>\$ 189,711</u>
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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2021 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 7,714,897	\$ 5,340,403
Less: long-term debt	-	(1,140,726)
Net investment in capital assets	<u>\$ 7,714,897</u>	<u>\$ 4,199,677</u>

Capital Assets - Maggie Valley ABC Board

Capital assets are stated at cost and are being depreciated over their useful lives on a straight-line basis as follows:

	Estimated Useful Life	Cost	Accumulated Depreciation	Net Amount
Land and CIP		\$ 484,150	\$ -	\$ 484,150
Land improvements	15 years	87,547	30,009	57,538
Store building	30 years	1,040,750	319,149	721,601
Building improvements	10 years	154,978	75,387	79,591
Office and store equipment	5-10 years	231,165	186,735	44,430
Total		<u>\$ 1,998,590</u>	<u>\$ 611,280</u>	<u>\$ 1,387,310</u>

Receivables

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

	Accounts	Taxes	Due From Other Governments	Total
Governmental Activities:				
General	\$ 86,561	\$ 73,531	\$ 158,176	\$ 318,268
Total receivables	86,561	73,531	158,176	318,268
Allowance for doubtful accounts	(1,212)	(29,800)	-	(31,012)
Total governmental activities	<u>\$ 85,349</u>	<u>\$ 43,731</u>	<u>\$ 158,176</u>	<u>\$ 287,256</u>
Business-Type Activities:				
Sewer Fund	\$ 189,378	-	-	\$ 189,378
Total receivables	189,378	-	-	189,378
Allowance for doubtful accounts	(5,268)	-	-	(5,268)
Total business-type activities	<u>\$ 184,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,110</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Amounts due from governmental agencies consist of the following:

	<u>County</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Governmental Funds:				
Property taxes	\$ 12,298	\$ -	\$ -	\$ 12,298
ABC Board distribution	-	-	82,643	82,643
Sales and use tax distribution	-	44,482	-	44,482
Sales tax refund	6,027	12,726	-	18,753
Total governmental funds	<u>\$ 18,325</u>	<u>\$ 57,208</u>	<u>\$ 82,643</u>	<u>\$ 158,176</u>

B. Liabilities

Accounts payable and accrued liabilities are composed of the following amounts at June 30, 2021:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities	<u>\$ 77,073</u>	<u>\$ 25,803</u>	<u>\$ 102,876</u>
Business-type activities	<u>\$ 14,067</u>	<u>\$ 5,651</u>	<u>\$ 19,718</u>

Pension Plan Obligations

Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Maggie Valley employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town and the ABC Board's contractually required contribution rate for the year ended June 30, 2021, was 10.90% of compensation for law enforcement officers and 10.150% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town and the ABC Board were \$119,689 and \$24,294, respectively, for the year ended June 30, 2021.

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

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

At June 30, 2021, the Town reported a liability of \$418,806 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

pension plan of all participating LGERS employers, actuarially determined. At June 30, 2020 (measurement date), the Town's proportion was .01172%, which was a decrease of .00316% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$135,485. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,888	\$ -
Changes of assumptions	31,167	-
Net difference between projected and actual earnings on pension plan investments	58,936	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	469	24,401
Town contributions subsequent to the measurement date	119,689	-
Total	<u>\$ 263,149</u>	<u>\$ 24,401</u>

\$119,689 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2022	\$ 32,253
2023	45,129
2024	24,235
2025	17,442
Thereafter	-
Total	<u>\$ 119,059</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

The actuarial assumptions used in the December 31, 2019 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	<u>\$ 849,711</u>	<u>\$ 418,806</u>	<u>\$ 60,693</u>

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

Law Enforcement Officers' Special Separation Allowance

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>6</u>
Total	<u><u>8</u></u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

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

Inflation	2.5 percent
Salary increase	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ended December 31, 2019.

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Protection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Deaths After Retirement (Healthy): Mortality rates are based on Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set back 3 years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior to Retirement: Mortality rates are based on Safety Mortality Table for Employees

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$35,512 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$455,835. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$23,764.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,924	\$ 50,254
Changes of assumptions	62,776	7,147
Town benefit payments and plan administrative expense made subsequent to the measurement date	20,298	-
Total	<u>\$ 95,998</u>	<u>\$ 57,401</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$20,298 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2022	\$ 1,108
2023	5,443
2024	8,535
2025	3,213
2026	-
Thereafter	-
Total	<u>\$ 18,299</u>

Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (.93 percent) or 1-percentage-point higher (2.93) than the current rate:

	1% Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	<u>\$ 484,009</u>	<u>\$ 455,835</u>	<u>\$ 429,906</u>

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

	2021
Beginning balance	\$ 441,720
Service cost	9,637
Interest on the total pension liability	13,821
Differences between expected and actual experience in the measurement of the total pension liability	(38,244)
Changes of assumptions or other inputs	64,413
Benefit payments	(35,512)
Net changes	<u>14,115</u>
Ending balance of the total pension liability	<u>\$ 455,835</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.26% at December 31, 2018 to 1.93% at December 31, 2019.

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

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Proportion of the net pension liability (asset)	0.01172%	NA	-
Pension liability	\$ 418,806	\$ 455,835	\$ 874,641
Pension expense	135,485	23,764	159,249

At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 52,888	\$ 12,924	\$ 65,812
Changes of assumptions	31,167	62,776	93,943
Net difference between projected and actual earnings on pension plan investments	58,936	-	58,936
Changes in proportion and differences between Town contributions and proportionate share of contributions	469	-	469
Town contributions (LGERS) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	119,689	20,298	139,987
Total	<u>\$ 263,149</u>	<u>\$ 95,998</u>	<u>\$ 359,147</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ -	\$ 50,254	\$ 50,254
Changes of assumptions	-	7,147	7,147
Changes in proportion and differences between Town contributions and proportionate share of contributions	24,401	-	24,401
Total	<u>\$ 24,401</u>	<u>\$ 57,401</u>	<u>\$ 81,802</u>

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2021 were \$44,772, which consisted of \$22,452 from the Town and \$22,320 from the law enforcement officers. No amounts have been forfeited.

Supplemental Retirement Income Plan for Non-Law Enforcement Employees

All non-law enforcement employees employed by the Town participate in the Supplemental Retirement Income Plan, a defined contribution pension plan. Participation begins after the completion of at least six (6) months' continuous employment with the Town. The Town has no requirement or obligation under state statutes to contribute to this Plan; however, the Town has adopted the Supplemental Retirement Plan of North Carolina 401(k) for its non-law enforcement employees. The Town contributes three percent of each employee's salary, and all amounts contributed are vested immediately. Also, employees may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2021 were \$39,118, which consisted of \$16,264 from the Town and \$22,854 from the non-law enforcement employees. No amounts have been forfeited.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service 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. Currently, the Town has no retirees and terminated employees who are eligible to receive death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

Other Post-Employment Benefits - Healthcare Benefits

Plan Description. In addition to providing pension benefits, the Town has elected to provide healthcare benefits to retirees of the Town who retire from the North Carolina Local Government Employees' Retirement System under a normal or early retirement and has at least 15 consecutive years of service with the Town at the time of retirement and is eligible to participate in the Town's healthcare plan upon retirement. Employees retiring due to a disability retirement are not eligible to participate in the Town's healthcare plan upon retirement. Retired employees meeting the criteria discussed herein will be provided hospitalization in the same manner as the active Town employees. Retirees can purchase coverage for their dependents at the Town's group rates. Currently, no retirees are eligible for post-retirement health benefits. A separate report was not issued for the Plan. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement 75.

Coverage will continue until the retiree becomes Medicare eligible, at which time the Town's subsidized retiree healthcare benefits will end. Retirees not qualifying for the Town's subsidized health insurance plan may continue coverage for themselves and their dependents at their expense. Only those retirees that were eligible as of the July 1, 2011 may receive this benefit. The retiree may continue dependent coverage and pay the full cost of this coverage if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates when the dependent reaches the age of 65.

For the fiscal year ended June 30, 2021, the Town made payments for post-retirement health benefits premiums of \$0. The Town purchases insurance from a private carrier for healthcare coverage. A separate report was not issued for the Plan. The Plan is a single-employer defined benefit plan. The Town Council may amend the benefit provisions.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Membership of the Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

	<u>General Employees</u>
Retirees receiving benefits	-
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>21</u>
Total	<u><u>21</u></u>

Funding Policy

The Town portion of the retiree premium will be based on the current rate for active employees as established by the health insurance carrier. The amount of the retiree's premium paid by the Town will be a percentage, based upon years of service with the retirement system at retirement. The percentages are:

<u>Years of Service At Retirement</u>	<u>Age at Retirement</u>	<u>Maximum Monthly Town Contribution</u>
15-19	60	50%
20-24	55	75%
20 or more	60	100%
25 or more	55	100%
30 or more	any	100%

Total OPEB Liability

The Town's total OPEB liability of \$264,322 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50%-7.75%, including wage inflation for general employees 3.50%-7.35%, including wage inflation for law enforcement officers
Discount rate	2.21 percent
Healthcare cost trend rates	Pre-Medicare - 7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026
Dental	4.00 percent
Vision	2.50 percent

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The discount rate is based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	\$ 208,129
Changes for the year:	
Service cost	12,800
Interest	7,733
Differences between expected and actual experience	(945)
Changes of assumptions or other inputs	36,605
Net changes	56,193
Balance at June 30, 2021	\$ 264,322

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.50% to 2.21%.

Mortality rates were based on RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scare MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 296,642	\$ 264,322	\$ 235,470

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Current</u>	<u>1%</u> <u>Increase</u>
Total OPEB liability	\$ 224,235	\$ 264,322	\$ 313,148

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Town recognized OPEB expense of \$26,397. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,212	\$ 1,233
Changes of assumptions	35,103	10,931
Total	<u>\$ 38,315</u>	<u>\$ 12,164</u>

\$0 benefits were reported as deferred outflows of resources related to OPEB because there were no benefit payments made or administrative expenses incurred subsequent to the measurement date. If payments were made, they would be recognized as a decrease of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2022	\$ 2,314
2023	2,314
2024	2,314
2025	2,314
2026	3,687
Thereafter	<u>13,208</u>
Total	<u>\$ 26,151</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Deferred Outflows and Inflows of Resources

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

	<u>Amount</u>
OPEB deferrals	\$ 38,315
Pension deferrals	<u>359,147</u>
Total	<u>\$ 397,462</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Deferred Inflows:		
Taxes receivable	\$ -	\$ 43,731
Special assessment receivable	-	1,969
Prepaid taxes	4,150	4,150
OPEB deferrals	12,164	-
Pension deferrals	<u>81,802</u>	<u>-</u>
Total	<u>\$ 98,116</u>	<u>\$ 49,850</u>

Long-Term Obligations

Installment Purchase Contracts

Serviced by Sewer Fund:

\$3,422,906 note issued October 2, 2007, 2.10%, payable in annual principal installments of \$171,145, with a final payment due in 2028; secured by a waste water treatment plant. Subsequent to year-end, there were no new draw downs on the loan.

\$ 1,140,726

The Town's outstanding note from direct borrowings related to business-type activities of \$1,140,726 is not secured by a pledge of the faith and credit of the State of North Carolina or of the Town, but is payable solely from the revenues of the project or benefited systems, or other available funds. The note contains provisions that an event of default would result in (1) any other monies due to the Town from the state may be withheld by the state and applied to the payment of the outstanding note.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The future minimum payments of the Sewer Fund long-term debt notes payable as of June 30, 2021 are as follows:

Year Ending June 30	Principal	Interest	Total
2022	\$ 162,960	\$ 23,955	\$ 186,915
2023	162,960	20,533	183,493
2024	162,960	17,111	180,071
2025	162,960	13,689	176,649
2026	162,960	10,267	173,227
2027-2028	325,926	10,266	336,192
Total	<u>\$ 1,140,726</u>	<u>\$ 95,821</u>	<u>\$ 1,236,547</u>

Changes in Long-Term Debt

The following is a summary of the changes in the governmental activities long-term debt for the fiscal year:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2021</u>	<u>Current Portion</u>
Governmental Activities:					
Total OPEB liability	\$ 166,504	\$ 47,596	\$ -	\$ 214,100	\$ -
Net pension liability (LGERS)	325,089	9,956	-	335,045	-
Total pension liability (LEOSSA)	441,720	14,115	-	455,835	-
Compensated absences	74,395	54,080	50,563	77,912	48,378
Total	<u>\$ 1,007,708</u>	<u>\$ 125,747</u>	<u>\$ 50,563</u>	<u>\$ 1,082,892</u>	<u>\$ 48,378</u>

Compensated absences, other post-employment benefits, and net pension liability for governmental activities typically have been liquidated in the General Fund. The Town's legal debt limit is 8.0% of the Town's assessed value of taxable property. The Town's legal debt limit as of June 30, 2021 amounts to \$33,579,251.

The following is a summary of changes in the Town's business-type activities long-term debt:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2021</u>	<u>Current Portion</u>
Business-Type Activities:					
Sewer Fund:					
Direct borrowing					
installment purchase	\$ 1,303,686	\$ -	\$ 162,960	\$ 1,140,726	\$ 162,960
Total OPEB liability	41,625	8,597	-	50,222	-
Net pension liability (LGERS)	81,272	2,489	-	83,761	-
Compensated absences	31,404	18,143	24,552	24,995	14,755
Total business-type activities	<u>\$ 1,457,987</u>	<u>\$ 29,229</u>	<u>\$ 187,512</u>	<u>\$ 1,299,704</u>	<u>\$ 177,715</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Construction Commitments

A summary of the remaining commitments of the Town's open construction projects is as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Property appraisal	\$ 2,000	\$ 2,000
Waterfall project	14,500	15,500

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 two self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of reinsurance, excess stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The 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 commercial property, general liability, auto liability, workers' compensation, and employee health coverage. The ABC Board also has liquor legal liability coverage. Claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector/Deputy Town Clerk are individually bonded for \$50,000 and \$25,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3. Federal and State-Assisted Programs

The Town has received proceeds from 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.

4. Summary Disclosure of Significant Commitments and Contingencies

During the fiscal year 2020, the World Health Organization declared the spread of outbreak of a coronavirus (COVID-19), a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the Town, COVID-19 is expected to impact various parts of its fiscal year 2021-2022 operations and financial results. Management believes the Town is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

5. Subsequent Events

The Town of Maggie Valley was awarded \$394,229 from the Federal American Rescue Plan (ARP). Subsequent to year end the Town received \$197,114. The remaining amount of \$197,114 is expected to be received within the next 12 months.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

Other Post-Employment Benefits – Schedule of Changes in the Total OPEB Liability and Related Ratios

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

Law Enforcement Officers' Special Separation Allowance - Schedule of Total Pension Liability as a Percentage of Covered Payroll

Local Governmental Employees' Retirement System - Proportionate Share of Net Pension Liability (Asset)

Local Governmental Employees' Retirement System - Contributions

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS -
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FOUR FISCAL YEARS

Other Post-Employment Benefits				
	2021	2020	2019	2018
Service cost	\$ 12,800	\$ 10,304	\$ 10,667	\$ 11,553
Interest	7,733	7,127	6,199	5,120
Differences between expected and actual experience	(945)	4,138	(358)	(332)
Changes of assumptions or other inputs	36,605	3,347	(7,411)	(12,335)
Net change in total OPEB liability	56,193	24,916	9,097	4,006
Total OPEB liability - beginning	208,129	183,213	174,116	170,110
Total OPEB liability - ending	<u>\$ 264,322</u>	<u>\$ 208,129</u>	<u>\$ 183,213</u>	<u>\$ 174,116</u>
Covered payroll	\$ 936,083	\$ 936,083	\$ 876,935	\$ 876,935
Total OPEB liability as a percentage of covered payroll	28.24%	22.23%	20.89%	19.86%

Notes to the Required Schedules:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

Fiscal Year	Rate
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST FIVE FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance				
	2021	2020	2019	2018	2017
Beginning balance	\$ 441,720	\$ 437,271	\$ 428,031	\$ 466,777	\$ 465,881
Service cost	9,637	13,525	13,105	12,226	13,894
Interest on the total pension liability	13,821	15,363	13,045	17,514	16,277
Differences between expected and actual experience in the measurement of the total pension liability	(38,244)	(4,964)	27,552	(63,648)	-
Changes of assumptions or other inputs	64,413	10,954	(14,033)	21,253	(9,406)
Benefit payments	(35,512)	(30,429)	(30,429)	(26,091)	(19,869)
Ending balance of the total pension liability	<u>\$ 455,835</u>	<u>\$ 441,720</u>	<u>\$ 437,271</u>	<u>\$ 428,031</u>	<u>\$ 466,777</u>

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST FIVE FISCAL YEARS

	Law Enforcement Officers' Special Separation Allowance				
	2021	2020	2019	2018	2017
Total pension liability	\$ 455,835	\$ 441,720	\$ 437,271	\$ 428,031	\$ 466,777
Covered payroll	307,838	461,564	443,075	431,372	504,068
Total pension liability as a percentage of covered payroll	148.08%	95.70%	98.69%	99.23%	92.60%

Notes to the Schedules:

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA
**TOWN OF MAGGIE VALLEY'S PROPORTIONATE SHARE
 OF NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST EIGHT FISCAL YEARS***

	Local Governmental Employees' Retirement System			
	2021	2020	2019	2018
Town of Maggie Valley's proportion of the net pension liability (asset) (%)	0.01172%	0.01488%	0.01608%	0.01668%
Town of Maggie Valley's proportion of the net pension liability (asset) (\$)	\$ 418,806	\$ 406,361	\$ 381,473	\$ 254,825
Town of Maggie Valley's covered payroll	\$ 1,137,354	\$ 1,060,866	\$ 1,002,804	\$ 1,077,101
Town of Maggie Valley's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.82%	38.30%	38.04%	23.66%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%

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

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA
**TOWN OF MAGGIE VALLEY'S PROPORTIONATE SHARE
 OF NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST EIGHT FISCAL YEARS***

	Local Governmental Employees' Retirement System			
	2017	2016	2015	2014
Town of Maggie Valley's proportion of the net pension liability (asset) (%)	0.01690%	0.01716%	0.01633%	0.01870%
Town of Maggie Valley's proportion of the net pension liability (asset) (\$)	\$ 358,676	\$ 76,969	\$ (96,305)	\$ 225,407
Town of Maggie Valley's covered payroll	\$ 999,070	\$ 953,727	\$ 964,123	\$ 968,081
Town of Maggie Valley's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.90%	8.07%	(9.99%)	23.28%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

TOWN OF MAGGIE VALLEY, NORTH CAROLINA**TOWN OF MAGGIE VALLEY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS**

Local Governmental Employees' Retirement System				
	2021	2020	2019	2018
Contractually required contribution	\$ 119,689	\$ 105,130	\$ 85,368	\$ 78,305
Contributions in relation to the contractually required contribution	<u>119,689</u>	<u>105,130</u>	<u>85,368</u>	<u>78,305</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Maggie Valley's covered payroll	\$ 1,145,871	\$ 1,137,354	\$ 1,060,866	\$ 1,002,804
Contributions as a percentage of covered payroll	10.45%	9.24%	8.05%	7.81%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA**TOWN OF MAGGIE VALLEY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS**

Local Governmental Employees' Retirement System				
	2017	2016	2015	2014
Contractually required contribution	\$ 81,516	\$ 68,721	\$ 68,886	\$ 68,411
Contributions in relation to the contractually required contribution	<u>81,516</u>	<u>68,721</u>	<u>68,886</u>	<u>68,411</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Maggie Valley's covered payroll	\$ 1,077,101	\$ 999,070	\$ 953,727	\$ 964,123
Contributions as a percentage of covered payroll	7.57%	6.88%	7.22%	7.10%

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GOVERNMENTAL FUNDS

General Fund - The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 1,678,350	\$ 1,768,360	\$ 90,010
Prior years	49,500	42,673	(6,827)
Penalty and interest	11,200	14,304	3,104
Total ad valorem taxes	<u>1,739,050</u>	<u>1,825,337</u>	<u>86,287</u>
Other Taxes :			
Local option sales tax	357,265	506,328	149,063
Beer and wine tax	6,131	5,938	(193)
Cable TV franchise tax	42,838	39,482	(3,356)
Solid waste disposal tax	998	1,071	73
Occupancy tax	70,000	55,419	(14,581)
Utility franchise tax	168,555	155,256	(13,299)
Total other taxes	<u>645,787</u>	<u>763,494</u>	<u>117,707</u>
Unrestricted Intergovernmental Revenues:			
Beer and wine licenses	675	1,220	545
ABC profit distribution	12,374	146,643	134,269
Total unrestricted intergovernmental revenues	<u>13,049</u>	<u>147,863</u>	<u>134,814</u>
Restricted Intergovernmental Revenues:			
Powell Bill	113,718	36,587	(77,131)
Drug recovery funds	-	1,319	1,319
Court/officer fees	500	306	(194)
NCLM Safety grant	1,000	1,000	-
Total restricted intergovernmental revenues	<u>115,218</u>	<u>39,212</u>	<u>(76,006)</u>
Permits and Fees:			
Zoning permits	7,000	41,300	34,300
Sign permits	300	500	200
Total permits and fees	<u>7,300</u>	<u>41,800</u>	<u>34,500</u>
Sales and Services:			
Rental and collection fees	<u>125,105</u>	<u>136,130</u>	<u>11,025</u>
Investment Earnings	<u>10,900</u>	<u>4,022</u>	<u>(6,878)</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Miscellaneous:			
Other contributions and donations	-	250	250
Other miscellaneous	<u>26,481</u>	<u>23,974</u>	<u>(2,507)</u>
Total miscellaneous	<u>26,481</u>	<u>24,224</u>	<u>(2,257)</u>
 Total revenues	 <u>2,682,890</u>	 <u>2,982,082</u>	 <u>299,192</u>
 Expenditures:			
General Government:			
Administration/Governing Board:			
Salaries and benefits	398,350	393,403	4,947
Operating	210,084	152,760	57,324
Capital outlay	<u>40,993</u>	<u>23,189</u>	<u>17,804</u>
Total general government	<u>649,427</u>	<u>569,352</u>	<u>80,075</u>
 Public Safety:			
Police:			
Salaries and benefits	885,883	786,270	99,613
Operating	194,303	184,069	10,234
Capital outlay	<u>147,951</u>	<u>27,951</u>	<u>120,000</u>
Total police	<u>1,228,137</u>	<u>998,290</u>	<u>229,847</u>
 Total public safety	 <u>1,228,137</u>	 <u>998,290</u>	 <u>229,847</u>
 Transportation:			
Streets and Highways:			
Salaries and benefits	269,748	252,616	17,132
Operating expenses	375,715	325,732	49,983
Capital outlay	<u>146,094</u>	<u>140,405</u>	<u>5,689</u>
Total streets and highways	<u>791,557</u>	<u>718,753</u>	<u>72,804</u>
 Powell Bill:			
Salaries and benefits	1,336	-	1,336
Operating	33,200	23,964	9,236
Capital outlay	<u>79,182</u>	<u>78,981</u>	<u>201</u>
Total Powell Bill	<u>113,718</u>	<u>102,945</u>	<u>10,773</u>
 Total transportation	 <u>905,275</u>	 <u>821,698</u>	 <u>83,577</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Parks and Recreation:			
Operating expenses	15,503	14,334	1,169
Capital outlay	198,440	188,643	9,797
Total	<u>213,943</u>	<u>202,977</u>	<u>10,966</u>
Festival Grounds:			
Salaries and benefits	59,178	24,078	35,100
Operating expenses	64,621	52,707	11,914
Capital outlay	20,000	15,694	4,306
Total	<u>143,799</u>	<u>92,479</u>	<u>51,320</u>
Total parks and recreation	<u>357,742</u>	<u>295,456</u>	<u>62,286</u>
Total expenditures	<u>3,140,581</u>	<u>2,684,796</u>	<u>455,785</u>
Revenues over (under) expenditures	<u>(457,691)</u>	<u>297,286</u>	<u>754,977</u>
Other Financing Sources (Uses):			
Proceeds from the sale of capital assets	50,301	66,803	16,502
Appropriated fund balance	407,390	-	(407,390)
Total other financing sources (uses)	<u>457,691</u>	<u>66,803</u>	<u>(390,888)</u>
Net change in fund balance	<u>\$ -</u>	<u>364,089</u>	<u>\$ 364,089</u>
Fund Balance:			
Beginning of year - July 1		<u>3,702,072</u>	
End of year - June 30		<u>\$ 4,066,161</u>	

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MAJOR ENTERPRISE FUND

Enterprise funds are used to account for revenues resulting primarily from charges for services provided to the general public and the related costs of such services. The Town maintains the following enterprise fund:

Major Enterprise Fund:

Sewer Fund - This fund is used to account for the activities associated with operating and maintaining the Town's sewer and surface drainage systems.

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA
ENTERPRISE FUND - SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Sewer charges	\$ 634,584	\$ 804,951	\$ 170,367
Sewer tap fees	89,559	181,461	91,902
Other operating revenues	40,000	78,680	38,680
Total operating revenues	<u>764,143</u>	<u>1,065,092</u>	<u>300,949</u>
Non-operating revenues:			
Interest on investments	5,000	5,155	155
Miscellaneous	156,454	15,818	(140,636)
Total non-operating revenues	<u>161,454</u>	<u>20,973</u>	<u>(140,481)</u>
Total revenues	<u>925,597</u>	<u>1,086,065</u>	<u>160,468</u>
Expenditures:			
Administration:			
Salaries and benefits	<u>344,680</u>	<u>314,196</u>	<u>30,484</u>
Operations:			
Utilities	70,000	58,007	11,993
Maintenance and repairs	110,250	67,926	42,324
Contractual services	50,677	42,853	7,824
Professional	67,263	59,007	8,256
Supplies	28,000	26,911	1,089
Insurance	13,311	13,311	-
Miscellaneous	56,477	40,613	15,864
Total operating expenditures	<u>395,978</u>	<u>308,628</u>	<u>87,350</u>
Debt service:			
Principal repayment	162,961	162,960	1
Interest and fees	27,378	27,377	1
Total debt service	<u>190,339</u>	<u>190,337</u>	<u>2</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ENTERPRISE FUND - SEWER FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other expenditures:			
Capital outlay	5,265	4,207	1,058
Total expenditures	936,262	817,368	118,894
Revenues over (under) expenditures	(10,665)	268,697	279,362
Other Financing Sources (Uses):			
Appropriated fund balance	10,665	-	(10,665)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	268,697	\$ 268,697

Reconciliation from Modified Accrual Basis to Accrual Basis:

Principal retirement	162,960
Capital outlay	4,207
Change in compensated absences	6,409
Change in OPEB liability	(8,597)
Change in net pension liability	(2,489)
Change in deferred outflows of resources - pension	2,272
Change in deferred inflows of resources - pension	(2,942)
Change in deferred outflows of resources - OPEB	5,951
Change in deferred inflows of resources - OPEB	457
Depreciation	(189,711)
Change in net position, accrual basis	\$ 247,214

OTHER SUPPLEMENTAL INFORMATION

This section contains additional information on property taxes.

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2021

Fiscal Year	Uncollected Balance July 1, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 1,804,954	\$ 1,769,827	\$ 35,127
2019-2020	46,567	-	34,960	11,607
2018-2019	10,525	-	3,828	6,697
2017-2018	5,476	-	1,974	3,502
2016-2017	5,249	-	1,703	3,546
2015-2016	3,849	-	1,266	2,583
2014-2015	1,740	-	163	1,577
2013-2014	2,868	-	113	2,755
2012-2013	3,442	-	170	3,272
2011-2012	2,865	-	-	2,865
2010-2011	3,641	-	3,641	-
Total	<u>\$ 86,222</u>	<u>\$ 1,804,954</u>	<u>\$ 1,817,645</u>	73,531
Less allowance for uncollectible ad valorem taxes receivable				<u>(29,800)</u>
Ad valorem taxes receivable, net				<u>\$ 43,731</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 1,825,337
Reconciling items:				
Amounts written off per Statute of Limitations				(3,641)
Interest				16,735
Releases, refunds, interest and other adjustments				<u>(20,786)</u>
Total collections and credits				<u>\$ 1,817,645</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Total Levy</u>	
				<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property taxed at current year's rate	\$ 418,685,349	\$ 0.43	\$ 1,800,347	\$ 1,692,406	\$ 107,941
Discoveries:					
Current year taxes	1,055,291		4,538	4,538	-
Penalties	<u>-</u>		<u>69</u>	<u>69</u>	<u>-</u>
Total property valuation	<u>\$ 419,740,640</u>				
Net Levy			1,804,954	1,697,013	107,941
Uncollected taxes at June 30, 2021			<u>(35,127)</u>	<u>(33,900)</u>	<u>(1,227)</u>
Current Year's Taxes Collected			<u>\$ 1,769,827</u>	<u>\$ 1,663,113</u>	<u>\$ 106,714</u>
Current Levy Collection Percentage			<u>98.05%</u>	<u>98.00%</u>	<u>98.86%</u>

STATISTICAL SECTION

This part of the Town of Maggie Valley's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the Town's overall financial condition. The schedules included in this section can be categorized as follows:

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

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Town of Maggie Valley
Net Position by Components
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 6,015,264	\$ 6,280,941	\$ 6,188,008	\$ 6,132,080	\$ 7,041,648	\$ 7,151,506	\$ 7,479,809	\$ 7,535,259	\$ 7,591,841	\$ 7,714,897
Restricted	227,776	264,994	248,102	274,788	227,667	269,764	288,263	264,677	453,580	349,155
Unrestricted	1,552,432	1,491,353	1,611,125	1,703,479	2,088,744	1,981,732	1,951,744	2,268,370	2,494,348	2,930,591
Total governmental activities net position	\$ 7,795,472	\$ 8,037,288	\$ 8,047,235	\$ 8,110,347	\$ 9,358,059	\$ 9,403,002	\$ 9,719,816	\$ 10,068,306	\$ 10,539,769	\$ 10,994,643
Business-type activities										
Net investment in capital assets	\$ 4,796,896	\$ 4,883,849	\$ 4,861,340	\$ 4,838,254	\$ 4,159,861	\$ 4,144,634	\$ 4,153,807	\$ 4,187,477	\$ 4,222,221	\$ 4,199,677
Unrestricted	1,555,414	1,533,967	1,617,951	1,581,537	1,460,066	1,608,418	1,717,819	1,838,151	1,934,549	2,204,307
Total business-type activities net position	\$ 6,352,310	\$ 6,417,816	\$ 6,479,291	\$ 6,419,791	\$ 5,619,927	\$ 5,753,052	\$ 5,871,626	\$ 6,025,628	\$ 6,156,770	\$ 6,403,984
Primary government										
Net investment in capital assets	\$ 10,812,160	\$ 11,164,790	\$ 11,049,348	\$ 10,970,334	\$ 11,201,509	\$ 11,296,140	\$ 11,633,616	\$ 11,722,736	\$ 11,814,062	\$ 11,914,574
Restricted	227,776	264,994	248,032	274,788	227,667	269,764	288,263	264,677	453,580	349,155
Unrestricted	3,107,846	3,025,320	3,229,146	3,285,016	3,548,810	3,590,150	3,669,563	4,106,521	4,428,897	5,134,898
Total primary government net position	\$ 14,147,782	\$ 14,455,104	\$ 14,526,526	\$ 14,530,138	\$ 14,977,986	\$ 15,156,054	\$ 15,591,442	\$ 16,093,934	\$ 16,696,539	\$ 17,398,627

Town of Maggie Valley
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General Government	\$ 479,242	\$ 548,043	\$ 355,026	\$ 404,990	\$ 693,429	\$ 476,496	\$ 668,623	\$ 504,337	\$ 592,437	\$ 582,041
Public Safety	1,043,027	916,738	1,030,764	1,017,165	1,031,788	1,191,302	811,102	1,030,929	1,059,402	1,036,132
Transportation	576,194	579,476	605,523	600,032	300,884	662,024	696,782	671,251	691,168	787,059
Parks & Recreation	15,958	15,394	28,746	25,180	26,030	47,307	132,570	212,816	152,938	157,948
Interest on long-term debt	49,757	37,510	37,213	15,205	14,376	15,159	11,288	5,143	1,193	-
Total governmental activities expenses	<u>2,164,178</u>	<u>2,097,161</u>	<u>2,057,272</u>	<u>2,062,572</u>	<u>2,066,507</u>	<u>2,392,888</u>	<u>2,320,365</u>	<u>2,424,476</u>	<u>2,497,138</u>	<u>2,563,180</u>
Business-type activities:										
Sewer	653,658	694,878	736,366	728,258	768,796	764,762	818,900	821,726	893,146	838,851
Festival Grounds	276,079	202,090	154,437	113,660	134,030	-	-	-	-	-
Total business-type activities	<u>929,737</u>	<u>896,968</u>	<u>890,803</u>	<u>841,918</u>	<u>902,826</u>	<u>764,762</u>	<u>818,900</u>	<u>821,726</u>	<u>893,146</u>	<u>838,851</u>
Total primary governmental expenses	<u>\$ 3,093,915</u>	<u>\$ 2,994,129</u>	<u>\$ 2,948,075</u>	<u>\$ 2,904,490</u>	<u>\$ 2,969,333</u>	<u>\$ 3,157,650</u>	<u>\$ 3,139,265</u>	<u>\$ 3,246,202</u>	<u>\$ 3,390,284</u>	<u>\$ 3,402,031</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 1,830	\$ 3,024	\$ 3,220	\$ 2,580	\$ 2,175	\$ 40,909	\$ 3,640	\$ 4,330	\$ 1,420	\$ 1,340
Public Safety	3,799	2,780	5,935	11,306	8,193	11,862	20,080	19,132	24,463	41,800
Transportation	-	-	-	-	-	-	87,948	83,962	85,896	100,975
Parks and Recreation	-	-	-	-	-	-	43,673	30,155	18,720	33,815
Operating grants and contributions	119,375	456,972	143,325	101,547	133,708	119,510	97,126	132,706	241,030	63,436
Capital grants and contributions	26,199	10,000	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>151,203</u>	<u>472,776</u>	<u>152,480</u>	<u>115,433</u>	<u>144,076</u>	<u>172,281</u>	<u>252,467</u>	<u>270,285</u>	<u>371,529</u>	<u>241,366</u>
Business-type activities:										
Charges for services:										
Sewer	643,958	618,731	664,737	723,683	755,697	892,224	923,729	953,507	984,139	1,072,910
Festival Grounds	53,144	30,733	40,799	24,761	31,869	-	-	2,740	-	-
Operating grants and contributions	142,950	99,531	46,540	-	-	-	5,000	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>840,052</u>	<u>748,995</u>	<u>752,076</u>	<u>748,444</u>	<u>787,566</u>	<u>892,224</u>	<u>928,729</u>	<u>956,247</u>	<u>984,139</u>	<u>1,072,910</u>
Total primary governmental program revenues	<u>\$ 991,255</u>	<u>\$ 1,221,771</u>	<u>\$ 904,556</u>	<u>\$ 863,877</u>	<u>\$ 931,642</u>	<u>\$ 1,064,505</u>	<u>\$ 1,181,196</u>	<u>\$ 1,226,532</u>	<u>\$ 1,355,668</u>	<u>\$ 1,314,276</u>
Net (expense)/revenue										
Governmental activities	\$ (2,012,975)	\$ (1,624,385)	\$ (1,904,792)	\$ (1,947,139)	\$ (1,922,431)	\$ (2,220,607)	\$ (2,067,898)	\$ (2,154,191)	\$ (2,125,609)	\$ (2,321,814)
Business-type activities	(89,685)	(147,973)	(138,727)	(93,474)	(115,260)	127,462	109,829	134,521	90,993	234,059
Total primary governmental net expense	<u>\$ (2,102,660)</u>	<u>\$ (1,772,358)</u>	<u>\$ (2,043,519)</u>	<u>\$ (2,040,613)</u>	<u>\$ (2,037,691)</u>	<u>\$ (2,093,145)</u>	<u>\$ (1,958,069)</u>	<u>\$ (2,019,670)</u>	<u>\$ (2,034,616)</u>	<u>\$ (2,087,755)</u>

Town of Maggie Valley
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 1,741,025	\$ 1,579,027	\$ 1,616,141	\$ 1,630,899	\$ 1,710,421	\$ 1,607,484	\$ 1,687,286	\$ 1,729,567	\$ 1,768,387	\$ 1,812,646
Local option sales tax	253,592	252,690	266,995	304,362	328,945	344,957	371,660	412,728	435,486	506,328
License	23,785	38,775	13,992	9,732	6,193	7,560	660	675	450	-
Franchise	152,166	142,989	150,670	197,878	218,757	207,868	207,010	212,676	207,420	200,676
Disposal tax	862	566	683	795	806	863	929	988	1,098	1,071
Unrestricted intergovernmental revenues	5,009	4,683	14,363	23,217	24,002	66,961	21,094	31,361	31,737	147,863
Unrestricted investment earnings	5,871	4,798	3,912	4,931	9,201	16,302	30,364	57,391	52,085	4,022
Miscellaneous	-	9,500	8,833	12,564	187,298	123,960	87,293	57,295	100,409	104,082
Transfers	(84,249)	(166,827)	(160,850)	(50,100)	704,520	-	-	-	-	-
Total governmental activities	2,098,061	1,866,201	1,914,739	2,134,278	3,170,143	2,375,955	2,406,296	2,502,681	2,597,072	2,776,688
Total business-type activities										
Unrestricted investment earnings	5,171	3,448	2,868	2,968	3,916	5,663	11,109	19,481	30,649	5,155
Miscellaneous	57,140	43,204	36,484	13,875	16,000	-	-	-	9,500	8,000
Transfers	84,249	166,827	160,850	50,100	(704,520)	-	-	-	-	-
Total business-type activities	146,560	213,479	200,202	66,943	(684,604)	5,663	11,109	19,481	40,149	13,155
Total primary government	\$ 2,244,621	\$ 2,079,680	\$ 2,114,941	\$ 2,201,221	\$ 2,485,539	\$ 2,381,618	\$ 2,417,405	\$ 2,522,162	\$ 2,637,221	\$ 2,789,843
Change in Net Position										
Governmental activities	85,086	241,816	9,947	187,139	1,247,712	155,348	338,398	348,490	471,463	454,874
Business-type activities	56,875	65,506	61,475	(26,531)	(799,864)	133,125	120,938	154,002	131,142	247,214
Total primary government	\$ 141,961	\$ 307,322	\$ 71,422	\$ 160,608	\$ 447,848	\$ 288,473	\$ 459,336	\$ 502,492	\$ 602,605	\$ 702,088

**Town of Maggie Valley
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years**

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Disposal Tax	Occupancy Tax	Total
2012	1,741,025	253,592	152,166	5,009	862	-	2,152,654
2013	1,579,027	252,690	142,989	4,683	566	9,500	1,989,455
2014	1,616,141	266,995	150,670	5,363	683	8,833	2,048,685
2015	1,630,899	304,362	197,878	5,971	795	12,564	2,152,469
2016	1,710,421	328,945	218,757	6,193	806	15,201	2,280,323
2017	1,607,484	344,957	207,868	5,834	863	4,000	2,171,006
2018	1,687,286	371,660	207,010	5,986	929	63,600	2,336,471
2019	1,729,567	412,728	212,676	6,131	988	41,031	2,403,121
2020	1,768,387	435,486	207,420	6,237	1,098	53,000	2,471,628
2021	1,812,646	506,328	200,676	5,938	1,071	55,419	2,582,078

Town of Maggie Valley
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Non-spendable	\$ 26,155	\$ 15,169	\$ 16,841	\$ 31,686	\$ 38,100	\$ 22,280	\$ 13,592	\$ 7,799	\$ 28,935	\$ 27,036
Restricted	225,818	264,994	248,102	274,788	226,625	269,694	283,788	264,675	453,580	349,155
Committed	6,957	6,957	6,957	6,957	6,957	6,957	6,957	6,957	126,957	246,957
Assigned	-	-	-	27,761	-	174,380	-	165,331	72,552	158,290
Unassigned	1,728,287	1,802,205	1,916,914	2,111,097	2,406,189	2,199,864	2,596,816	2,748,182	3,020,048	3,284,723
Total General Fund	\$1,987,217	\$2,089,325	\$2,188,814	\$2,452,289	\$2,677,871	\$2,673,175	\$2,901,153	\$3,192,944	\$3,702,072	\$4,066,161
All other governmental funds										
Restricted in capital project	\$ 1,958	\$ -	\$ -	\$ -	\$ 1,042	\$ 70	\$ 4,475	\$ 2	\$ -	\$ -
Committed in capital project	-	-	-	-	-	160,951	1,238	4,544	-	-
Unassigned in capital project	89,096	-	-	-	(8)	-	-	-	-	-
Total all other governmental funds	\$ 91,054	\$ -	\$ -	\$ -	\$ 1,034	\$ 161,021	\$ 5,713	\$ 4,546	\$ -	\$ -

Town of Maggie Valley
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Ad valorem taxes	\$ 1,750,802	\$ 1,588,371	\$ 1,594,227	\$ 1,676,985	\$ 1,596,125	\$ 1,677,533	\$ 1,731,770	\$ 1,713,067	\$ 1,788,885	\$ 1,825,337
Other tax and license	430,405	444,520	441,173	525,331	721,999	685,208	667,552	684,362	705,300	763,494
Unrestricted intergovernmental revenues	5,009	4,683	14,363	23,217	24,002	66,961	21,094	31,361	31,737	147,863
Restricted intergovernmental revenues	100,474	113,445	95,973	61,373	64,857	67,916	46,816	71,038	107,247	39,212
Permits & fees	3,799	2,780	5,935	11,306	8,193	11,862	20,080	19,132	24,463	41,800
Sales & service	1,830	3,024	3,220	2,580	2,175	40,909	135,261	118,447	106,036	136,130
Investment earnings	5,871	4,798	3,912	4,931	9,201	16,302	30,364	57,391	52,085	4,022
Miscellaneous	45,100	353,527	47,352	95,798	124,475	25,960	50,310	61,668	133,783	24,224
Total revenues	2,343,290	2,515,148	2,206,155	2,401,521	2,551,027	2,592,651	2,703,247	2,756,466	2,949,536	2,982,082
Expenditures										
General government	428,313	404,733	318,729	476,041	894,890	598,042	611,389	460,013	615,400	569,352
Public safety	1,024,957	920,083	1,002,751	1,045,162	1,003,255	1,111,527	916,839	1,010,943	998,720	998,290
Transportation	430,806	447,678	476,254	462,406	441,582	582,825	577,967	604,183	675,855	821,698
Parks and recreation	11,811	11,490	16,180	13,437	184,992	35,417	147,229	196,018	134,545	295,456
Capital outlay	131,060	107,373	-	-	-	-	-	-	-	-
Debt service										
Principal repayments	162,564	408,400	701,653	152,387	219,781	220,268	365,865	189,542	59,991	-
Interest	49,757	37,510	37,213	15,205	14,376	15,159	11,288	5,143	1,193	-
Total expenditures	2,239,268	2,337,267	2,552,780	2,164,638	2,758,876	2,563,238	2,630,577	2,465,842	2,485,704	2,684,796
Excess of revenues over (under) expenditures	104,022	177,881	(346,625)	236,883	(207,849)	29,413	72,670	290,624	463,832	297,286
Other Financing Sources (Uses)										
Proceeds from installment purchase	282,842	-	606,964	76,692	377,222	100,244	-	-	-	-
Transfers	(367,091)	(166,827)	(160,850)	(50,100)	57,243	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	25,634	-	-	40,750	66,803
Total other financing sources (uses)	(84,249)	(166,827)	446,114	26,592	434,465	125,878	-	-	40,750	66,803
Net change in fund balances	\$ 19,773	\$ 11,054	\$ 99,489	\$ 263,475	\$ 226,616	\$ 155,291	\$ 72,670	\$ 290,624	\$ 504,582	\$ 364,089
Debt services as a percentage of non-capital expenditures	10.4%	20.3%	30.0%	8.3%	11.4%	10.4%	16.1%	8.5%	2.8%	0.0%

Town of Maggie Valley
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended	Real Property	Personal Property	Public Svc Co. Property	Motor Vehicle	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2012	374,583,810	20,866,300	3,110,383	11,494,685	(1,346,653)	408,708,525	0.42
2013	375,967,929	17,951,762	3,119,498	12,144,546	(3,054,146)	406,129,589	0.39
2014	380,230,963	16,617,190	3,086,825	17,350,545	(2,963,353)	414,322,170	0.39
2015	380,275,439	16,489,116	3,039,398	14,229,625	(3,335,986)	410,697,592	0.39
2016	381,224,766	14,739,298	3,079,953	16,210,820	(2,094,758)	413,160,079	0.39
2017	383,510,287	17,885,486	3,130,247	17,290,749	(3,362,943)	418,453,826	0.39
2018	360,436,642	17,398,719	3,199,576	18,105,782	(3,515,268)	395,625,451	0.43
2019	365,801,893	18,526,431	3,244,954	20,486,081	(3,794,109)	404,265,250	0.43
2020	366,781,919	23,037,685	3,389,201	22,545,278	(3,591,702)	412,162,381	0.43
2021	377,414,800	18,073,194	3,426,390	25,003,358	(4,177,102)	419,740,640	0.43

Note: Assessed valuations are established by the Haywood County Board of Commissioners at 100 percent of estimated market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. The last revaluation was completed as of January 1, 2017.

Tax rates are per \$100 of assessed value.

Source: Haywood County Tax Listing Office

**Town of Maggie Valley
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Year	Town of Maggie Valley		Haywood County	Fire District	Total Direct and Overlapping Rates
	Debt Millage	Operating Millage			
2012	0.04	0.38	0.541	0.06	1.0213
2013	0.04	0.35	0.541	0.06	0.9913
2014	0.02	0.37	0.541	0.06	0.9913
2015	0.03	0.36	0.541	0.06	0.9913
2016	0.04	0.35	0.566	0.06	1.0161
2017	0.04	0.35	0.566	0.06	1.0161
2018	0.06	0.37	0.585	0.06	1.0750
2019	0.03	0.40	0.585	0.06	1.0750
2020	0.01	0.42	0.585	0.06	1.0750
2021	0.00	0.43	0.585	0.06	1.0750

Source: Haywood County and Maggie Valley Tax Departments

Town of Maggie Valley
Principal Property Taxpayers
June 30, 2021

2021				2012			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Maggie Valley Resort LLC	\$ 7,876,060		1.92%	Maggie Valley Resort	\$ 14,057,831	1	3.44%
MVRE LLC A NC LLC	5,944,600		1.45%	Ghost Town Partners	10,036,505	2	2.46%
LULA LLC	3,560,932		0.87%	Twinbrook Resort Inc	3,899,300	3	0.95%
Peppertree Resort	3,219,700		0.78%	Peppertree	3,455,586	4	0.85%
Twinbrooks Resort Inc	3,033,700		0.74%	Travlers Rest	3,411,400	5	0.83%
Zambito Enterprises Inc	2,938,744		0.72%	Stone Bridge LLC	3,104,500	6	0.76%
Duke Energy Progress Inc	2,814,400		0.69%	Pamela Fuches	2,566,700	7	0.63%
DAHI Inc	2,565,266		0.62%	MV Health Investors	2,518,200	8	0.62%
Alaska Presley	2,410,696		0.59%	DAHI	2,436,037	9	0.60%
Pinter Enterprises	2,094,509		0.51%	Taylor Toggs	2,378,252	10	0.58%
Totals	\$ 36,458,607		8.88%	Totals	\$ 47,864,311		11.71%
Total Taxable Assessed Value	\$ 410,740,640			Total Taxable Assessed Value	\$ 408,708,525		

Source: Haywood County Tax Assessor's Office

**Town of Maggie Valley
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	1,720,154	1,637,992	95.22%	10	1,638,002	95.22%
2013	1,586,046	1,512,825	95.38%	170	1,512,995	95.39%
2014	1,617,056	1,532,770	94.79%	112	1,532,882	94.79%
2015	1,604,854	1,551,443	96.67%	164	1,551,607	96.68%
2016	1,614,072	1,545,669	95.76%	1,267	1,546,936	95.84%
2017	1,634,537	1,587,945	97.15%	1,703	1,589,648	97.25%
2018	1,703,061	1,673,918	98.29%	1,974	1,675,892	98.40%
2019	1,741,560	1,680,396	96.49%	3,828	1,684,224	96.71%
2020	1,776,810	1,730,243	97.38%	34,960	1,765,203	99.35%
2021	1,804,954	1,769,827	98.05%	-	1,769,827	98.05%

Town of Maggie Valley
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Primary Government	Percentage of Personal Income	Percentage Per Capita (a)
	Notes Payable	Installment Contracts	Capital Leases	Obligation Bonds	General Capital Leases				
2012	-	1,156,765	-	-	2,653,789		3,810,554	0.86%	3,314
2013	-	748,365	-	-	2,463,559		3,211,924	1.08%	2,769
2014	-	653,676	-	-	2,316,089		2,969,765	1.17%	2,560
2015	-	577,981	-	-	2,144,731		2,722,712	1.28%	2,139
2016	-	735,422	-	-	1,973,200		2,708,622	1.28%	2,101
2017	-	615,398	-	-	1,813,251		2,428,649	1.45%	1,884
2018	-	249,533	-	-	1,629,606		1,879,139	2.00%	1,360
2019	-	59,991	-	-	1,466,646		1,528,656	2.33%	1,077
2020	-	-	-	-	1,303,686		1,303,686	3.09%	899
2021	-	-	-	-	1,140,726		1,140,726	3.66%	794

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements

(a) see Demographics and Economic Statistics for population data

Town of Maggie Valley
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Haywood County	\$ 39,559,642	5.33%	\$ 2,108,529
Subtotal, overlapping debt			2,108,529
Town of Maggie Valley direct debt			-
Total direct and overlapping debt			<u>\$ 2,108,529</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Haywood County Tax Office. Debt outstanding is provided by Haywood County Finance Office.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt to those overlapping governments that is borne by the taxpayers of the Town of Maggie Valley. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden-borne by the taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property tax values. Applicable percentages were estimated by determining the portion of the Town's taxable assessed value that is within the government's boundaries, and dividing it by the County's total taxable assessed value.

Town of Maggie Valley
Legal Debt Margin Information
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 31,539,917	\$ 32,490,637	\$ 33,145,774	\$ 32,855,807	\$ 33,052,806	\$ 33,476,306	\$ 31,631,501	\$ 32,343,257	\$ 32,972,990	\$ 33,579,251
Total net debt applicable to limit	1,156,765	748,365	653,676	577,981	735,422	615,398	249,533	59,991	-	-
Legal debt margin	\$ 30,383,152	\$ 31,742,272	\$ 32,492,098	\$ 32,277,826	\$ 32,317,384	\$ 32,860,908	\$ 31,381,968	\$ 32,283,266	\$ 32,972,990	\$ 33,579,251
Total net debt applicable to the limit as a percentage of debt limit	3.67%	2.30%	1.97%	1.76%	2.22%	1.84%	0.79%	0.19%	0.00%	0.00%
Assessed Value										
Add back: Exempt real property			\$ 419,740,640							
Total Assessed Value			<u>\$ 419,740,640</u>							
Debt Limit (8% of total assessed value)			\$ 33,579,251							
Debt Applicable to limit:										
Less: amount set aside for repayment of general obligation debt			<u>-</u>							
Legal Debt Margin			<u>\$ 33,579,251</u>							

**Town of Maggie Valley
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Haywood County		Per Capita	Haywood County	
	Population	Personal Income (1)	Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2012	1,156	34,736	22,682	344	8.5
2013	1,226	44,720	24,241	337	7.7
2014	1,252	46,280	24,022	358	5.0
2015	1,273	34,269	24,449	354	5.5
2016	1,289	34,681	39,183	371	4.5
2017	1,289	37,492	38,873	366	3.7
2018	1,382	35,550	53,300	390	3.6
2019	1,419	40,290	49,800	382	3.9
2020	1,450	41,798	51,659	380	8.9
2021	1,436	*	*	370	4.4

- (1) Haywood County Economic Development Council
(2) N.C. Department of Commerce/Office of State Planning
(3) NC Public Schools - ADM Jonathan Valley
(4) Employment Security Commission

* Information not available yet

**Town of Maggie Valley
Principal Employers
Current Year and Nine Years Ago**

	2021		2012		
	Employer	Number of Employees (1)	% of Total County Employment (2)	Number of Employees (1)	% of Total County Employment (2)
Evergreen Packaging		1,110	3.83%	1,130	4.26%
Haywood County Consolidated Schools		1,080	3.72%	1,265	4.76%
Dlp Partner Medwest LLC		867	2.99%	1,026	3.86%
Haywood County Government		589	2.03%	558	2.10%
Ingles Markets, Inc		540	1.86%	454	1.71%
Consolidated Metco Inc		497	1.71%	300	1.13%
Wal-Mart Associates Inc		320	1.10%	375	1.41%
Haywood Vocational Opportunities		310	1.07%	350	1.32%
Haywood Community College		240	0.83%	410	1.54%
Giles Chemical Division		259	0.89%		
Manpower Temporary Services				202	0.76%
Totals		4,443	15.32%	4,940	18.61%
Total County Employment			29,005		26,551

- (1) Human Resource Departments of companies - includes full-time and part-time
(2) Employment Security Commission of North Carolina

**Town of Maggie Valley
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years**

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	5	5	5	5	5	5	5	5	5	5
Public Safety	11	11	11	11	11	11	11	11	11	11
Transportation	4	4	4	4	4	5	5	5	5	6
Festival Grounds	1	1	-	-	-	-	-	-	-	-
Waste Water Treatment	2	2	2	2	2	2	2	2	2	2
Total	23	23	22	22	22	23	23	23	23	24

Source
Various Town Departments

Town of Maggie Valley
Operating Indicators by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Law Enforcement										
Physical arrests	258	211	182	308	267	310	343	270	166	265
Traffic violations	1,234	876	518	1,090	1,181	1,567	1,468	1,324	1,018	2,217
Refuse Collection										
Refuse collected (tons per day)	7.75	7.41	8.44	7.46	8.94	9.53	9.58	10.23	10.48	11.38
Recyclables collected (tons per day)	1.10	1.16	1.46	1.77	1.81	2.10	2.53	2.08	2.32	3.02
Other Public Works										
Streets resurfing (miles)	0.04	0.05	0.15	1.28	-	0.06	0.30	0.35	-	0.70
Potholes repaired	120.00	150.00	140.00	105.00	95.00	80.00	90.00	90.00	110.00	125.00
Waste Water Treatment										
Average daily sewage treatment	0.260	0.340	0.290	0.270	0.330	0.326	0.326	0.471	0.402	0.385

Sources: Various Town departments

Note: Indicators are not available for the general government function.

Town of Maggie Valley
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Police:										
stations	1	1	1	1	1	1	1	1	1	1
patrol units	10	10	10	10	10	10	10	10	10	10
Fire stations	1	1	1	1	1	1	1	1	1	1
Public Works										
streets (miles)	4.38	4.38	4.38	6.66	6.67	6.67	6.67	6.67	6.67	6.67
highways (miles)	5	5	5	5	5	5	5	5	5	5
street lights	286	286	286	286	286	286	286	286	286	286
traffic Signals	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
acreage	11.63	11.63	11.63	11.63	13.15	13.15	13.15	13.15	13.15	13.15
playgrounds	2	2	2	2	2	2	2	2	2	2
community centers	1	1	1	1	1	1	1	1	1	1
Waste Water Treatment										
sanitary sewer (miles)	47.1	47.1	47.2	47.3	47.5	47.5	47.5	47.5	47.5	47.5
treatment capacity (thousands of gallons)	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000

Sources: Various Town departments

COMPLIANCE SECTION

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

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

Independent Auditor's Report

To the Honorable Mayor and
Board of Aldermen
Town of Maggie Valley, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Maggie Valley, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Maggie Valley's basic financial statements and have issued our report thereon dated October 11, 2021. Our report includes a reference to other auditors who audited the financial statements of the Town of Maggie Valley ABC Board, as described in our report on the Town of Maggie Valley's financial statements. The financial statements of the Town of Maggie Valley ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Town of Maggie Valley ABC Board.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 11, 2021

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2021

1. Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

No

None reported

Non-compliance material to financial statements noted?

No

2. Findings Related to the Audit of the Basic Financial Statements

None

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Finding 2020-001:

Status: Corrected