

**TOWN OF MAGGIE VALLEY
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

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NORTH CAROLINA**

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FOR THE YEAR ENDED JUNE 30, 2019

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2019

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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 9, 2019

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Maggie Valley for the fiscal year ended June 30, 2019. 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, established in 1974, is located in Haywood County, which is in the western portion of North Carolina. During the past decade the Town's population increased by nearly 48%. The most recent Census (2010) officially indicates the Town's population to be 1,150 while the State Office of State Budget and Management estimates the new Town population to be 1,419. 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 2019 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 \$191,662 for this fiscal year. 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

As a result of Haywood County's latest revaluation, the Town of Maggie Valley FY17-18 budget saw its total tax value be reduced from \$400,110,713 to \$365,643,253. This loss of value ultimately led for the need for the Town's tax rate to be adjusted from \$0.39 to \$0.43. This new rate is far less than the revenue neutral rate of \$0.515. The Town of Maggie Valley was able to hold this tax rate (\$0.43) for FY18-19 while increasing its tax value to \$380,276,992. The Town saw steady new development during FY19-20 which brought the town's tax value to \$391,420,616 which permitted the Town, for a third consecutive year, to keep its tax rate at \$0.43 allowing Maggie Valley to have the lowest municipal property tax rate in the county. While commercial property value remains stagnant residential properties within town continue to gain value-in fact residential properties along Alexander Drive are the highest valued by acreage in Haywood County. The Town has continued to see an increase in new construction residential permits, a trend that is likely to continue.

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.

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 FY19-20 budget contains \$40,000 for the board to study the feasibility of new place making amenities.

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 beautification 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. The hope is that this project is completed by 2021.

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 comprehensive annual financial report (CAFR) for the fiscal year ending June 30, 2018. This is the fifteenth 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 CAFR 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 CAFR 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,


Nathan Clark
Town Manager


Shayne Wheeler
Finance Officer

TOWN OF MAGGIE VALLEY

PRINCIPAL OFFICIALS

JUNE 30, 2019

Mayor:

Saralyn Price

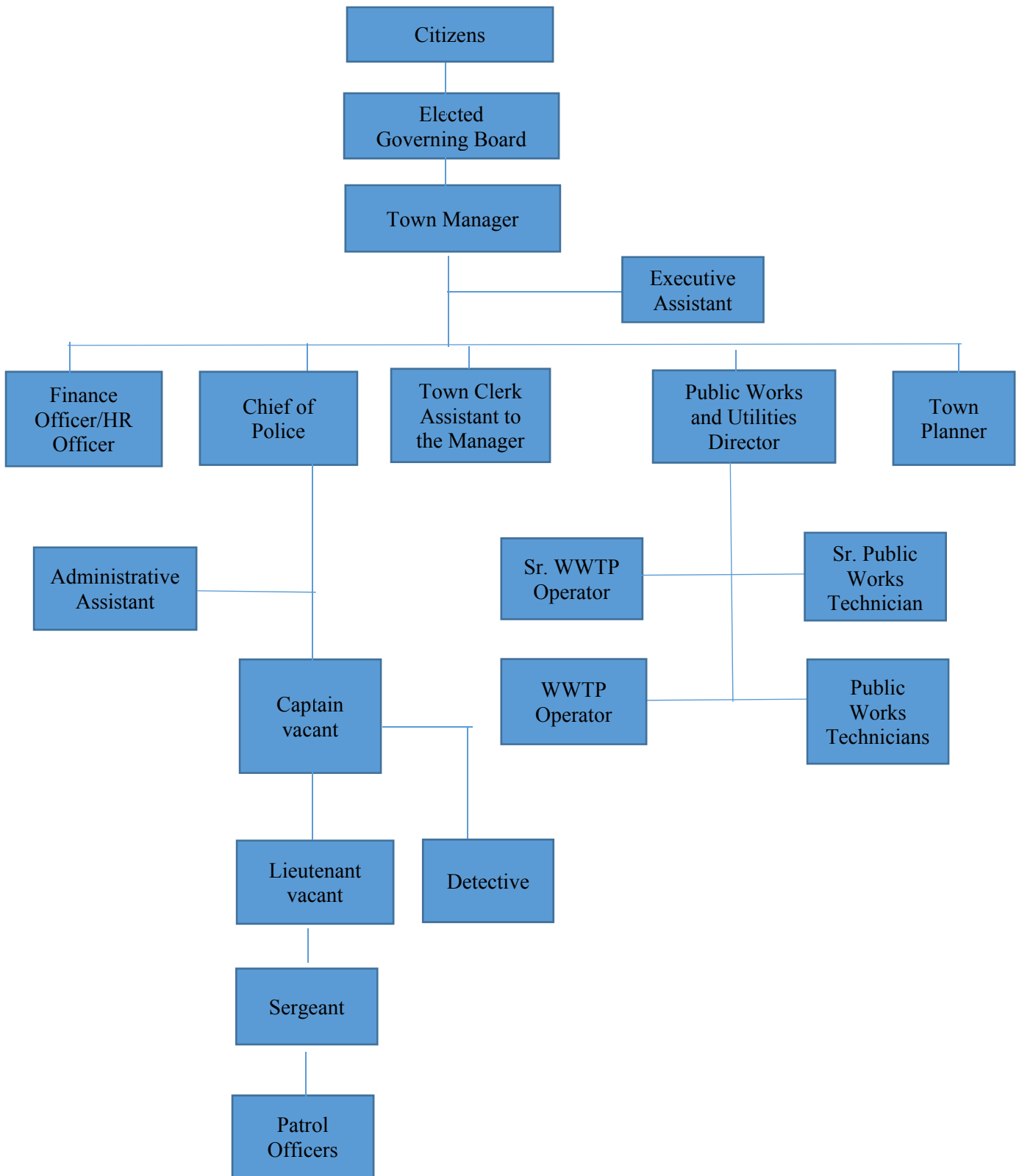
Alderman:

Clayton Davis
Michael Eveland
Janet Banks
Philip Wight

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, 2018

Christopher P. Morrill

Executive Director/CEO

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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, 2019, 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 upon 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, 2019, 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 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 9, 2019 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 9, 2019

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2019

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, 2019. 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.

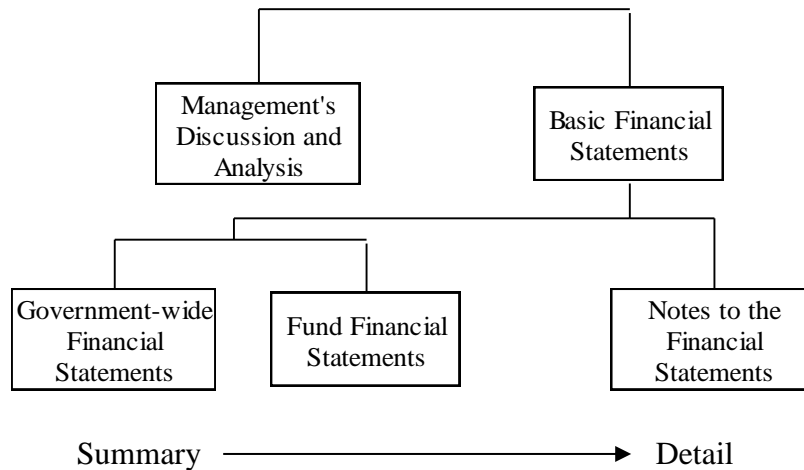
Financial Highlights

- 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 \$16,093,934.
- The government's total net position increased by \$502,492 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 \$3,197,490 with a net change of \$290,624. Approximately 8.52% of this total amount, or \$272,476, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,748,182 or 111.58%, of total General Fund expenditures and transfers out for the fiscal year.
- The Town of Maggie Valley's total debt decreased by \$352,502 (18.76%) 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 funds, 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, 2019 and 2018
Figure 2**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$3,380,506	\$3,101,291	\$1,942,673	\$1,816,522	\$5,323,179	\$ 4,917,813
Capital assets	<u>7,595,250</u>	<u>7,729,342</u>	<u>5,654,123</u>	<u>5,783,413</u>	<u>13,249,373</u>	<u>13,512,755</u>
Total Assets	<u>\$10,975,756</u>	<u>\$10,830,633</u>	<u>\$7,596,796</u>	<u>\$7,599,935</u>	<u>\$18,572,552</u>	<u>\$18,430,568</u>
Deferred outflows of resources						
Pension Deferral	291,627	188,935	60,049	39,081	351,676	228,016
Total deferred outflows of resources	<u>291,627</u>	<u>188,935</u>	<u>60,049</u>	<u>39,081</u>	<u>351,676</u>	<u>228,016</u>
Long-term liabilities outstanding	911,367	859,067	1,427,842	1,562,193	2,339,209	2,421,260
Other liabilities	<u>209,760</u>	<u>358,427</u>	<u>198,452</u>	<u>200,181</u>	<u>408,212</u>	<u>558,608</u>
Total Liabilities	<u>1,121,127</u>	<u>1,217,494</u>	<u>1,626,294</u>	<u>1,762,374</u>	<u>2,747,421</u>	<u>2,979,868</u>
Deferred inflows of resources						
Pension Deferrals	62,804	69,148	1,651	2,795	64,455	71,943
OPEB Deferrals	13,087	8,886	3,272	2,221	16,359	11,107
Prepaid fees	-	-	-	-	-	-
Prepaid taxes	<u>2,059</u>	<u>4,224</u>	<u>-</u>	<u>-</u>	<u>2,059</u>	<u>4,224</u>
Total deferred inflows of resources	<u>77,950</u>	<u>82,258</u>	<u>4,923</u>	<u>5,016</u>	<u>82,873</u>	<u>87,274</u>
Net Position:						
Net Investment in capital assets	7,535,259	7,479,809	4,187,477	4,153,807	11,722,736	11,633,616
Restricted	264,677	288,263	-	-	264,677	288,263
Unrestricted	<u>2,268,370</u>	<u>1,951,744</u>	<u>1,838,151</u>	<u>1,717,819</u>	<u>4,106,521</u>	<u>3,669,563</u>
Total net position	<u>\$10,068,306</u>	<u>\$9,719,816</u>	<u>\$6,025,628</u>	<u>\$5,871,626</u>	<u>\$16,093,934</u>	<u>\$ 15,591,442</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 \$16,093,934 as of June 30, 2019. The Town's net position increased by \$502,492 for the fiscal year ended June 30, 2019. However, the largest portion (72.84%) 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, \$264,677, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,106,521 is unrestricted.

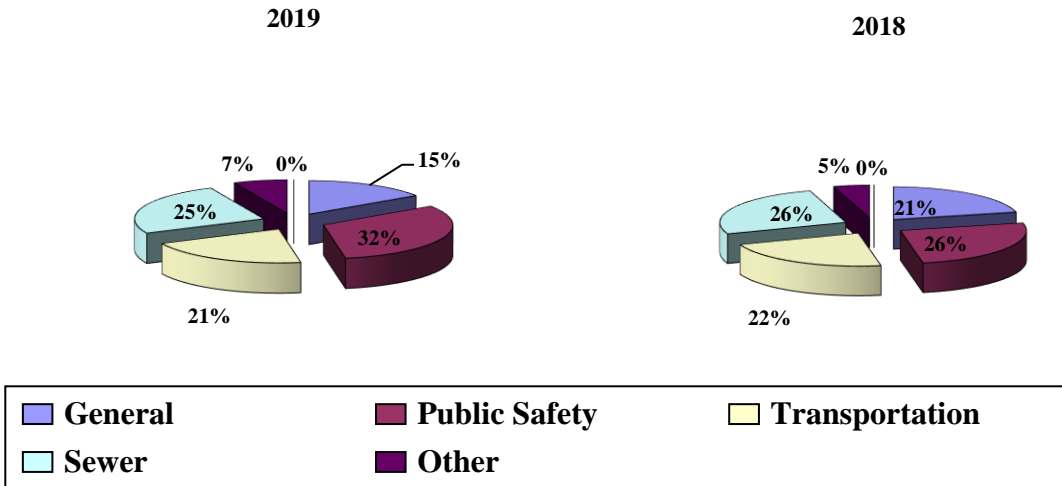
Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Maintained a 96.49% collection rate in property tax.
- Local Option Sales Tax increased \$41,068 from the prior year.
- Unrestricted Investment Earnings increased by \$35,399 or 46.05% over prior year
- No new debt issued

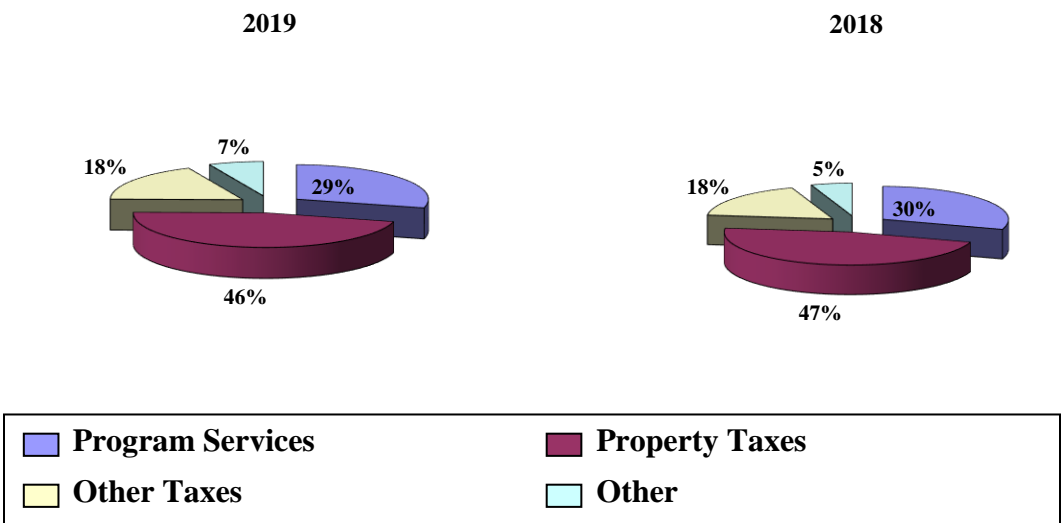
**Town of Maggie Valley Changes in Net Position
For the Years Ended June 30, 2019 and 2018
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues:						
Program revenues:						
Charges for services	\$ 137,579	\$ 155,341	\$ 953,507	\$ 923,729	\$ 1,091,086	\$ 1,079,070
Operating grants and contributions	132,706	97,126	2,740	5,000	135,446	102,126
General revenues:						
Property taxes	1,729,567	1,687,286	-	-	1,729,567	1,687,286
Other taxes	677,423	643,199	-	-	677,423	643,199
Grants and contributions, not restricted to specific programs	31,361	21,094	-	-	31,361	21,094
Other	64,330	54,717	19,481	11,109	83,811	65,826
Total revenues	<u>2,772,966</u>	<u>2,658,763</u>	<u>975,728</u>	<u>939,838</u>	<u>3,748,694</u>	<u>3,598,601</u>
Expenses:						
General government	504,337	668,623	-	-	504,337	668,623
Public safety	1,030,929	811,102	-	-	1,030,929	811,102
Transportation	671,251	696,782	-	-	671,251	696,782
Parks and recreation	212,816	132,570	-	-	212,816	132,570
Interest on long-term debt	5,143	11,288	-	-	5,143	11,288
Sewer Fund	-	-	821,726	818,900	821,726	818,900
Festival Grounds Fund	-	-	-	-	-	-
Total expenses	<u>2,424,476</u>	<u>2,320,365</u>	<u>821,726</u>	<u>818,900</u>	<u>3,246,202</u>	<u>3,139,265</u>
Change in net position before transfers	348,490	338,398	154,002	120,938	502,492	459,336
Transfers	-	-	-	-	-	-
Change in net position	348,490	338,398	154,002	120,938	502,492	459,336
Net Position:						
Beginning of year						
-July 1, previously reported	9,719,816	9,403,002	5,871,626	5,753,052	15,591,442	15,156,054
Restatement	-	(21,584)	-	(2,364)	-	(23,948)
Beginning of year, restated	<u>9,719,816</u>	<u>9,381,418</u>	<u>5,871,626</u>	<u>5,750,688</u>	<u>15,591,442</u>	<u>15,132,106</u>
End of year - June 30	<u>\$ 10,068,306</u>	<u>\$ 9,719,816</u>	<u>\$ 6,025,628</u>	<u>\$ 5,871,626</u>	<u>\$ 16,093,934</u>	<u>\$ 15,591,442</u>

Government-Wide Expenses
Figure 4



Government-Wide Revenues
Figure 5



Governmental Activities. Governmental activities increased the Town's net position by \$348,490 thereby accounting for 69.35% of the total growth in the net position of the Town of Maggie Valley. Key elements of this increase are as follows:

- Increase in investment earnings by \$27,027 or 47.09%
- Increase in local sales tax by \$41,068 or 9.95%
- Increase in property tax by \$42,281 or 2.44%
- Awarded \$22,293 Crime Commission for purchase of equipment

Business-Type Activities. Business-type activities increased the Town of Maggie Valley's net position by \$154,002, accounting for 30.65% of the total increase in the government's net position. Key elements of this increase are as follows:

- Increase in disposal of storm water runoff and leachate by \$29,778 or 3.12%
- Investment earnings increased by \$8,371 or 42.97%

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 \$3,046,057, while total fund balance reached \$3,192,944. The Town currently has available fund balance of 123.67 % of general fund expenditures and transfers out, while total fund balance represents 129.64% of the same amount.

The General Capital Project Fund, a major fund of the Town is used to account for various governmental capital projects. The current project is a new Town Park, Mary Rathbone Rich Memorial Park. At the end of the current fiscal year, the General Capital Project Fund had a fund balance of \$4,546.

At June 30, 2019, the governmental funds of the Town of Maggie Valley reported a combined fund balance of \$3,197,490 with a net increase in fund balance of \$290,624. 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, investment earnings, property tax and grant.

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 \$119,748. The majority of the increase is due to the prior year encumbrances, purchase of new equipment and vehicles.

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 \$1,838,151. The total change in net position for the Sewer Fund was \$154,002. 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, 2019, totals \$13,249,373 (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:

- Installed playground equipment \$44,858
- Installed Security Cameras \$11,074
- Installed Fire Alarm System \$22,650
- Purchase of a 2012 Dodge 5500 Bucket Truck \$22,650
- Purchase of a 2019 Dodge Charger \$24,536
- Purchase of a 2019 Dodge Durango \$31,550
- Purchase of Sewer Jet Machine \$54,385
- Installed a new Welcome Sign \$13,998
- Brannon Forest/Rocking Chair Drive paving project \$23,585
- Mary Rathbone Rich Memorial Park completed \$265,060
- Disposed of a 2010 Ford Explorer with an original purchase price of \$25,529
- Disposed of a 2013 Ford Interceptor with an original purchase price of \$26,860
- Disposed of a 2013 Ford Interceptor with an original purchase price of \$27,205

Town of Maggie Valley's Capital Assets
(Net of depreciation)
June 30, 2019 and 2018
Figure 6

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 2,173,161	\$ 2,173,161	\$ 125,250	\$ 125,250	\$ 2,298,411	\$ 2,298,411
Construction in Progress	-	285,014	-	-	-	285,014
Buildings and systems	3,230,272	2,942,562	8,263,598	8,263,598	11,493,870	11,206,160
Improvements other than buildings	244,762	244,762	139,780	149,871	384,542	394,633
Machinery and equipment	681,069	669,995	206,578	152,193	887,647	822,188
Infrastructure	4,214,374	4,131,933	-	-	4,214,374	4,131,933
Vehicles	577,706	574,818	75,296	65,205	653,002	640,023
Total	11,121,344	11,022,245	8,810,502	8,756,117	19,931,846	19,778,362
Accumulated depreciation	(3,526,094)	(3,292,903)	(3,156,379)	(2,972,704)	(6,682,473)	(6,265,607)
Capital assets, net	<u>\$ 7,595,250</u>	<u>\$ 7,729,342</u>	<u>\$ 5,654,123</u>	<u>\$ 5,783,413</u>	<u>\$ 13,249,373</u>	<u>\$ 13,512,755</u>

Additional information on the Town's capital assets can be found on pages 39-41 in the notes to the financial statements.

Long-Term Debt. As of June 30, 2019, the Town of Maggie Valley had no bonded debt outstanding.

Town of Maggie Valley's Outstanding Debt
June 30, 2019 and 2018

Figure 7

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Installment purchase contracts	\$ 59,991	\$ 249,533	\$ 1,466,646	\$ 1,629,606	\$ 1,526,637	\$ 1,879,139

The Town of Maggie Valley's total debt decreased by \$549,510 during the past fiscal year, primarily due to the \$352,502 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 \$32,283,266.

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 FY19-20 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 \$2,907,111 which is an 11.7% increase from the previous year. Based upon the Town's estimated tax value of \$391,420,616 combined with a tax collection rate of 96.97% will yield \$1,632,100 in property tax revenue. Fundamentally each "penny" on the tax rate equals \$38,164. The approved budget will allow the Town to enter FY20-21 with a "debt free" general fund and a fund balance in excess of 100%.
- In January 2018, the Town Board of Aldermen modified its development standards to accommodate the request of mid level-upscale hotel developer that would like to bring a new product to town by 2021. The total project cost is estimated to be \$10.5 million and would be located on a vacant six-acre parcel adjacent to Elevated Distillery. The Town continues to see new development groups express interest in purchasing the former Ghost Town in the Sky amusement park. Although each perspective group has a different future plan for the Ghost Town site each plan if successfully implemented and developed has the potential to produce a meaningful economic multiplier for Maggie Valley tourism sector.
- To remain competitive in employee retention and recruitment the Town Board of Aldermen funded and implemented their second pay class study in the last five years. As a result, employee wages were adjusted across the board to reflect the current market value of each position classification. This adjusted increase total employee wage spending by 6.8%. The Town invested heavily in a new financial management software system (Tyler Technology's Incode) at a cost of nearly \$140,000. This system combined with its MyCivic App is designed to engage citizens, increase staff productivity and gain valuable analytics.
- 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 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, 2020

Governmental Activities. The 2019-2020 budgeted expenditures in the General Fund are expected to increase by 11.66% from the prior year. The Town will use fund balance to finance the major purchases included in the budget.

The major budgeted expenditures include upgrading financial software, purchase a new backhoe, as well as allocating funds for economic development and the Downtown Master plan. The approximate amount of fund balance to be used is \$165,331.

Business-Type Activities. The Sewer Fund is expected to increase 5.90%. Sewer fees for 2019 – 2020 will remain at the same rate. The Sewer Fund increase is due to the purchase of equipment. The Sewer Fund will reduce retained earnings to finance the purchase of the equipment.

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, 2019

	Primary Government		Total	Town of Maggie Valley ABC Board
	Governmental Activities	Business-Type Activities		
Assets:				
Current assets:				
Cash and cash equivalents	\$ 369,382	\$ 1,004,416	\$ 1,373,798	\$ 333,278
Investments	2,655,989	783,746	3,439,735	-
Taxes receivable, net	69,074	-	69,074	-
Accounts receivable, net	135,065	152,911	287,976	-
Prepays	7,799	1,600	9,399	7,634
Inventories	-	-	-	379,118
Restricted cash	143,197	-	143,197	-
Total current assets	<u>3,380,506</u>	<u>1,942,673</u>	<u>5,323,179</u>	<u>720,030</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	2,173,161	125,250	2,298,411	484,150
Other capital assets, net of depreciation	5,422,089	5,528,873	10,950,962	699,516
Total capital assets	<u>7,595,250</u>	<u>5,654,123</u>	<u>13,249,373</u>	<u>1,183,666</u>
Total assets	<u>10,975,756</u>	<u>7,596,796</u>	<u>18,572,552</u>	<u>1,903,696</u>
Deferred Outflows of Resources:				
Pension deferrals	<u>291,627</u>	<u>60,049</u>	<u>351,676</u>	<u>43,864</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	84,458	18,670	103,128	68
Liabilities payable from restricted assets:				
Security deposit	17,610	-	17,610	-
Accrued interest payable	-	-	-	9,193
Distribution payable	-	-	-	13,580
Long-term liabilities due within one year	107,692	179,782	287,474	54,266
Total current liabilities	<u>209,760</u>	<u>198,452</u>	<u>408,212</u>	<u>77,107</u>
Long-term liabilities:				
Net pension liability LGERS	305,179	76,294	381,473	38,669
Total pension liability - LEOSSA	437,271	-	437,271	-
Total OPEB liability	146,571	36,642	183,213	-
Due in more than one year	22,346	1,314,906	1,337,252	232,470
Total long-term liabilities	<u>911,367</u>	<u>1,427,842</u>	<u>2,339,209</u>	<u>271,139</u>
Total liabilities	<u>1,121,127</u>	<u>1,626,294</u>	<u>2,747,421</u>	<u>348,246</u>
Deferred Inflows of Resources:				
Pension deferrals	62,804	1,651	64,455	446
OPEB deferrals	13,087	3,272	16,359	-
Prepaid taxes	2,059	-	2,059	-
Total deferred inflows of resources	<u>77,950</u>	<u>4,923</u>	<u>82,873</u>	<u>446</u>
Net Position:				
Net investment in capital assets	7,535,259	4,187,477	11,722,736	905,859
Restricted for:				
Stabilization by state statute	139,090	-	139,090	-
Working capital	-	-	-	80,613
Streets	125,587	-	125,587	-
Unrestricted	2,268,370	1,838,151	4,106,521	612,396
Total net position	<u>\$ 10,068,306</u>	<u>\$ 6,025,628</u>	<u>\$ 16,093,934</u>	<u>\$ 1,598,868</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, 2019**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 504,337	\$ 4,330	\$ 61,668	\$ -
Public safety	1,030,929	19,132	32,628	-
Transportation	671,251	83,962	38,410	-
Parks and recreation	212,816	30,155	-	-
Interest on long-term debt	5,143	-	-	-
Total governmental activities	<u>2,424,476</u>	<u>137,579</u>	<u>132,706</u>	<u>-</u>
Business-Type Activities:				
Sewer	821,726	953,507	2,740	-
Total primary government	<u>\$ 3,246,202</u>	<u>\$ 1,091,086</u>	<u>\$ 135,446</u>	<u>\$ -</u>
Component Unit:				
ABC Board	<u>\$ 487,088</u>	<u>\$ 672,049</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, 2019

	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	\$ (438,339)	\$ -	\$ (438,339)	
Public safety	(979,169)	-	(979,169)	
Transportation	(548,879)	-	(548,879)	
Parks and recreation	(182,661)	-	(182,661)	
Interest on long-term debt	(5,143)	-	(5,143)	
Total governmental activities	<u>(2,154,191)</u>	<u>-</u>	<u>(2,154,191)</u>	
Business-Type Activities:				
Sewer	-	134,521	134,521	
Total primary government	<u>(2,154,191)</u>	<u>134,521</u>	<u>(2,019,670)</u>	
Component Unit:				
ABC Board				\$ <u>184,961</u>
General Revenues:				
Taxes:				
Property taxes	1,729,567	-	1,729,567	-
Local option sales tax	412,728	-	412,728	-
Special assessment	16,264	-	16,264	-
Licenses	675	-	675	-
Franchise tax	212,676	-	212,676	-
Occupancy tax	41,031	-	41,031	-
Disposal tax	988	-	988	-
Unrestricted intergovernmental revenues	31,361	-	31,361	-
Unrestricted investment earnings	57,391	19,481	76,872	-
Total general revenues	<u>2,502,681</u>	<u>19,481</u>	<u>2,522,162</u>	<u>-</u>
Change in net position	348,490	154,002	502,492	184,961
Net Position:				
Beginning of year - July 1	<u>9,719,816</u>	<u>5,871,626</u>	<u>15,591,442</u>	<u>1,413,907</u>
End of year - June 30	<u>\$ 10,068,306</u>	<u>\$ 6,025,628</u>	<u>\$ 16,093,934</u>	<u>\$ 1,598,868</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	Major Funds		
	General Fund	General Capital Project Fund	Total
Assets:			
Cash and cash equivalents	\$ 364,615	\$ 4,767	\$ 369,382
Restricted cash	143,197	-	143,197
Investments	2,655,989	-	2,655,989
Receivables, net:			
Taxes	69,074	-	69,074
Governmental	135,063	2	135,065
Prepays	7,799	-	7,799
Total assets	<u>\$ 3,375,737</u>	<u>\$ 4,769</u>	<u>\$ 3,380,506</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 84,235	\$ 223	\$ 84,458
Liabilities payable from restricted assets:			
Security deposit	17,610	-	17,610
Total liabilities	<u>101,845</u>	<u>223</u>	<u>102,068</u>
Deferred Inflows of Resources:			
Property taxes receivable	69,074	-	69,074
Special assessment receivable	9,815	-	9,815
Prepaid taxes	2,059	-	2,059
Total deferred inflows of resources	<u>80,948</u>	<u>-</u>	<u>80,948</u>
Fund Balances:			
Non-spendable:			
Prepays	7,799	-	7,799
Restricted:			
Stabilization by state statute	139,088	2	139,090
Streets	125,587	-	125,587
Committed for capital improvements	6,957	4,544	11,501
Assigned	165,331	-	165,331
Unassigned	2,748,182	-	2,748,182
Total fund balances	<u>3,192,944</u>	<u>4,546</u>	<u>3,197,490</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,375,737</u>	<u>\$ 4,769</u>	<u>\$ 3,380,506</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2019

	Total
Total fund balances	\$ 3,197,490
<p>Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:</p>	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	7,595,250
Net pension liability - LGERS	(305,179)
Total pension liability - LEOSSA	(437,271)
Total OPEB liability	(146,571)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(59,991)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(70,047)
Deferred outflows of resources related to pensions are not reported in the funds.	291,627
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.	78,889
Deferred inflows of resources related to pensions are not reported in the funds.	(62,804)
Deferred inflows of resources related to OPEB are not reported in the funds.	(13,087)
Net position of governmental activities per Exhibit A	\$ 10,068,306

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 BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Major Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>General Capital Project Fund</u>	
Revenues:			
Ad valorem taxes	\$ 1,713,067	\$ -	\$ 1,713,067
Other taxes and licenses	684,362	-	684,362
Unrestricted intergovernmental revenues	29,711	1,650	31,361
Restricted intergovernmental revenues	71,038	-	71,038
Permits and fees	19,132	-	19,132
Sales and services	118,447	-	118,447
Interest earned on investments	57,391	-	57,391
Miscellaneous	61,668	-	61,668
Total revenues	<u>2,754,816</u>	<u>1,650</u>	<u>2,756,466</u>
Expenditures:			
Current:			
General government	457,196	2,817	460,013
Public safety	1,010,943	-	1,010,943
Transportation	604,183	-	604,183
Parks and recreation	196,018	-	196,018
Debt service:			
Principal	189,542	-	189,542
Interest	5,143	-	5,143
Total expenditures	<u>2,463,025</u>	<u>2,817</u>	<u>2,465,842</u>
Net change in fund balances	291,791	(1,167)	290,624
Fund Balances:			
Beginning of year - July 1	<u>2,901,153</u>	<u>5,713</u>	<u>2,906,866</u>
End of year - June 30	<u>\$ 3,192,944</u>	<u>\$ 4,546</u>	<u>\$ 3,197,490</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 BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 290,624
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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	16,500
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OPEB plan expense	(11,479)
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Pension expense - LGERS	(12,872)
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Pension expense - LEOSSA	11,349
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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.	(1,082)
--	---------

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.	178,694
--	---------

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(312,786)
---	-----------

Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>189,542</u>
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Change in net position of governmental activities per Exhibit B	<u>\$ 348,490</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, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ 1,692,947	\$ 1,891,341	\$ 1,713,067	\$ (178,274)
Other taxes and licenses	638,759	303,782	684,362	380,580
Unrestricted intergovernmental	20,062	10,020	29,711	19,691
Restricted intergovernmental	38,308	218,468	71,038	(147,430)
Permits and fees	14,300	14,000	19,132	5,132
Sales and services	121,615	137,015	118,447	(18,568)
Interest earned on investments	21,800	14,064	57,391	43,327
Miscellaneous	55,839	75,335	61,668	(13,667)
Total revenues	<u>2,603,630</u>	<u>2,664,025</u>	<u>2,754,816</u>	<u>90,791</u>
Expenditures:				
Current:				
General government	507,603	519,092	457,196	61,896
Public safety	1,055,721	1,086,557	1,010,943	75,614
Transportation	659,168	703,077	604,183	98,894
Parks and recreation	186,291	219,805	196,018	23,787
Debt service:				
Principal	189,662	189,662	189,542	120
Interest	5,185	5,185	5,143	42
Total expenditures	<u>2,603,630</u>	<u>2,723,378</u>	<u>2,463,025</u>	<u>260,353</u>
Revenues over (under) expenditures	-	(59,353)	291,791	351,144
Other Financing Sources (Uses):				
Appropriated fund balance	-	59,353	-	(59,353)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	291,791	<u>\$ 291,791</u>
Fund Balance:				
Beginning of year - July 1			<u>2,901,153</u>	
End of year - June 30			<u>\$ 3,192,944</u>	

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	<u>Major Fund</u> <u>Sewer Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,004,416
Investments	783,746
Accounts receivable, net	152,911
Prepays	1,600
Total current assets	<u>1,942,673</u>
Non-current assets:	
Land and other non-depreciable assets	125,250
Other capital assets, net of depreciation	5,528,873
Total capital assets, net	<u>5,654,123</u>
Total non-current assets	<u>5,654,123</u>
Total assets	<u>7,596,796</u>
Deferred Outflows of Resources:	
Pension deferrals	<u>60,049</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	18,670
Current portion of notes payable	
Current portion of installment purchase contracts	162,960
Current portion of compensated absences payable	16,822
Total current liabilities	<u>198,452</u>
Non-current liabilities:	
Installment purchase contracts payable	1,303,686
Compensated absences payable	11,220
Net pension liability	76,294
Total OPEB liability	<u>36,642</u>
Total non-current liabilities	<u>1,427,842</u>
Total liabilities	<u>1,626,294</u>
Deferred Inflows of Resources:	
OPEB deferrals	3,272
Pension deferrals	1,651
Total deferred inflows of resources	<u>4,923</u>
Net Position:	
Net investment in capital assets	4,187,477
Unrestricted	<u>1,838,151</u>
Total net position	<u>\$ 6,025,628</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 FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Major Fund</u> <u>Sewer Fund</u>
Operating Revenues:	
Charges for services	\$ 953,507
Operating Expenses:	
Administration	304,615
Waste collection and treatment	299,214
Depreciation	<u>183,675</u>
Total operating expenses	<u>787,504</u>
Operating income (loss)	<u>166,003</u>
Non-Operating Revenues (Expenses):	
Interest earned on investments	19,481
Miscellaneous	2,740
Interest expense	<u>(34,222)</u>
Total non-operating revenues (expenses)	<u>(12,001)</u>
Change in net position	154,002
Net Position:	
Beginning of year - July 1	<u>5,871,626</u>
End of year - June 30	<u>\$ 6,025,628</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Major Fund</u> <u>Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 945,123
Cash paid for goods and services	(302,068)
Cash paid to employees for services	(295,914)
Other operating revenues	2,740
Net cash provided (used) by operating activities	<u>349,881</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(54,385)
Principal paid on installment purchase contracts	(162,960)
Interest paid on debt	(34,222)
Net cash provided (used) for capital and related financing activities	<u>(251,567)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>19,481</u>
Net increase (decrease) in cash and cash equivalents	117,795
Cash and cash equivalents - July 1	<u>1,670,367</u>
Cash and cash equivalents - June 30	<u>\$ 1,788,162</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 166,003
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	183,675
Non operating revenue	2,740
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(8,384)
(Increase) decrease in prepaid items	28
(Increase) decrease in deferred outflows of resources for pensions	(20,968)
Increase (decrease) in deferred inflows of resources for pensions	(1,144)
Increase (decrease) in deferred inflows of resources for OPEB	1,051
Increase (decrease) in net pension liability	25,329
Increase (decrease) in trade accounts payable and accrued liabilities	(268)
Increase (decrease) in other post-employment benefits	<u>1,819</u>
Net cash provided (used) by operating activities	<u>\$ 349,881</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, 2019

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. 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, 2019

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

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.

General Capital Project Fund. This fund is used to account for financial resources to be used for various governmental projects.

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, 2019

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, 2019

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 and the NCCMT - Term Portfolio's securities are valued at fair value.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 19, 2019 consists of the following:

Governmental Activities:

General Fund:	
Transportation - streets	\$ 125,587
Public safety - security deposit	5,000
Parks and recreation - security deposit	<u>12,610</u>
Total Governmental Activities	<u>\$ 143,197</u>
Total Restricted Cash	<u>\$ 143,197</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, 2018. 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.

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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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
Building 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, 2019

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 one item that meets this criteria – pension related 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, 2019

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.

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, 2019

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.

General Fund

Assigned for Subsequent Year's Expenditures - 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.

\$ 165,331

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.

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	\$ 3,192,944
Less:	
Prepays	7,799
Stabilization by state statute	<u>139,088</u>
Total Available Fund Balance	<u>\$ 3,046,057</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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>\$ 13,840</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 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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

At June 30, 2019, the Town's deposits had a carrying amount of \$1,516,795 and a bank balance of \$1,536,283. Of the bank balance, \$505,381 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 \$200 at June 30, 2019.

The ABC Board's deposits had a carrying value of \$328,168 and a bank balance of \$371,960 at June 30, 2019. \$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, 2019, the Town's investment balances were as follows:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 2,006,881	N/A	N/A	N/A	AAAm
NC Capital Management Trust - Term Portfolio*	Fair Value Level 1	1,432,854	1,432,854	-	0.11 years	Unrated
Total investments		<u>\$ 3,439,735</u>	<u>\$ 1,432,854</u>	<u>\$ -</u>		

*Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

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 as of June 30, 2019.

The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Capital Assets

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

Governmental Activities:

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2019</u>
Non-Depreciable Capital Assets:					
Land	\$ 2,173,161	\$ -	\$ -	\$ -	\$ 2,173,161
Construction in progress	285,014	2,817	-	(287,831)	-
Total non-depreciable capital assets	<u>2,458,175</u>	<u>2,817</u>	<u>-</u>	<u>(287,831)</u>	<u>2,173,161</u>
Depreciable Capital Assets:					
Buildings	2,942,562	22,650	-	265,060	3,230,272
Improvements, other than buildings	244,762	-	-	-	244,762
Machinery and equipment	669,995	11,074	-	-	681,069
Vehicles	574,818	82,483	(79,595)	-	577,706
Infrastructure	4,131,933	59,670	-	22,771	4,214,374
Total depreciable capital assets	<u>8,564,070</u>	<u>175,877</u>	<u>(79,595)</u>	<u>287,831</u>	<u>8,948,183</u>
Less Accumulated Depreciation:					
Buildings	998,568	76,623	-	-	1,075,191
Improvements, other than buildings	166,012	12,214	-	-	178,226
Machinery and equipment	587,185	22,953	-	-	610,138
Vehicles	398,260	64,890	(79,595)	-	383,555
Infrastructure	1,142,878	136,106	-	-	1,278,984
Total accumulated depreciation	<u>3,292,903</u>	<u>\$ 312,786</u>	<u>\$ (79,595)</u>	<u>\$ -</u>	<u>3,526,094</u>
Governmental activities capital assets, net	<u>\$ 7,729,342</u>				<u>\$ 7,595,250</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Business-Type Activities:

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2019</u>
Sewer Fund:					
Non-Depreciable Capital Assets:					
Land	\$ 125,250	\$ -	\$ -	\$ -	\$ 125,250
Total non-depreciable capital assets	125,250	-	-	-	125,250
Depreciable Capital Assets:					
Building and systems	8,263,598	-	-	-	8,263,598
Improvements, other than buildings	139,780	-	-	-	139,780
Machinery and equipment	152,193	54,385	-	-	206,578
Vehicles	75,296	-	-	-	75,296
Total depreciable capital assets	8,630,867	54,385	-	-	8,685,252
Less Accumulated Depreciation:					
Buildings and systems	2,772,953	166,075	-	-	2,939,028
Improvements, other than buildings	30,016	4,755	-	-	34,771
Machinery and equipment	122,216	6,153	-	-	128,369
Vehicles	47,519	6,692	-	-	54,211
Total accumulated depreciation	2,972,704	\$ 183,675	\$ -	-	3,156,379
Sewer Fund capital assets, net	\$ 5,783,413				\$ 5,654,123

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

Governmental Activities:

General government	\$ 36,910
Public safety	76,358
Transportation	162,821
Parks and recreation	36,697
Total	\$ 312,786

Business-Type Activities:

Sewer Fund	\$ 183,675
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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2019 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 7,595,250	\$ 5,654,123
Less: long-term debt	(59,991)	(1,466,646)
Net investment in capital assets	<u>\$ 7,535,259</u>	<u>\$ 4,187,477</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		\$ 484,150	\$ -	\$ 484,150
Land improvements	15 years	46,222	24,707	21,515
Store building	30 years	814,997	276,859	538,138
Building improvements	10 years	154,978	66,945	88,033
Office and store equipment	5-10 years	209,895	158,065	51,830
Total		<u>\$ 1,710,242</u>	<u>\$ 526,576</u>	<u>\$ 1,183,666</u>

Receivables

Receivables at the government-wide level at June 30, 2019 were as follows:

	Accounts	Taxes	Due From Other Governments	Total
Governmental Activities:				
General	\$ 58,669	\$ 98,874	\$ 77,038	\$ 234,581
Other governmental	-	-	2	2
Total receivables	58,669	98,874	77,040	234,583
Allowance for doubtful accounts	(644)	(29,800)	-	(30,444)
Total governmental activities	<u>\$ 58,025</u>	<u>\$ 69,074</u>	<u>\$ 77,040</u>	<u>\$ 204,139</u>
Business-Type Activities:				
Sewer Fund	\$ 155,602	\$ -	\$ 2,577	\$ 158,179
Total receivables	155,602	-	2,577	158,179
Allowance for doubtful accounts	(5,268)	-	-	(5,268)
Total business-type activities	<u>\$ 150,334</u>	<u>\$ -</u>	<u>\$ 2,577</u>	<u>\$ 152,911</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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	\$ 8,814	\$ -	\$ -	\$ 8,814
ABC Board distribution	-	-	13,580	13,580
Sales and use tax distribution	-	39,102	-	39,102
Sales tax refund	5,116	10,428	-	15,544
Total governmental funds	<u>\$ 13,930</u>	<u>\$ 49,530</u>	<u>\$ 13,580</u>	<u>\$ 77,040</u>
Business-Type Funds:				
Sewer Fund:				
Sales tax refund	<u>\$ 828</u>	<u>\$ 1,749</u>	<u>\$ -</u>	<u>\$ 2,577</u>

B. Liabilities

Accounts payable and accrued liabilities are composed of the following amounts at June 30, 2019:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities	<u>\$ 62,643</u>	<u>\$ 21,815</u>	<u>\$ 84,458</u>
Business-type activities	<u>\$ 13,552</u>	<u>\$ 5,118</u>	<u>\$ 18,670</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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The state's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 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, 2019, was 8.50% of compensation for law enforcement officers and 7.75% 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 \$85,368 and \$16,760, respectively, for the year ended June 30, 2019.

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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

At June 30, 2019, the Town reported a liability of \$381,473 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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 pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.01608%, which was a decrease of 0.00060% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$101,456. At June 30, 2019, 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	\$ 58,852	\$ 1,975
Changes of assumptions	101,228	-
Net difference between projected and actual earnings on pension plan investments	52,365	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,434	6,283
Town contributions subsequent to the measurement date	85,368	-
Total	\$ 300,247	\$ 8,258

\$85,368 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, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

June 30	Amount
2020	\$ 101,239
2021	64,944
2022	11,299
2023	29,139
Total	\$ 206,621

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Actuarial Assumptions. The total pension liability in the December 31, 2017 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

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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Discount Rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that 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)	\$ 916,330	\$ 381,473	\$ (65,463)

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

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, 2019

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2017, 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>10</u>
Total	<u><u>12</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, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 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, 2017 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 ending December 31, 2014.

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 104% for males and 100% for females.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Deaths Before Retirement: RP-2014 Employee base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 103% for males and 99% for females.

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 \$30,429 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, 2019, the Town reported a total pension liability of \$437,271. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$19,455.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 22,676	\$ 40,546
Changes of assumptions	13,538	15,651
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>15,215</u>	<u>-</u>
Total	<u><u>\$ 51,429</u></u>	<u><u>\$ 56,197</u></u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

\$15,215 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, 2020. 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
2020	\$ (7,070)
2021	(7,070)
2022	(5,868)
2023	(1,533)
2024	<u>1,558</u>
Total	<u>\$ (19,983)</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 3.64 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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	<u>\$ 467,201</u>	<u>\$ 437,271</u>	<u>\$ 409,916</u>

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

	2019
Beginning balance	<u>\$ 428,031</u>
Service cost	13,105
Interest on the total pension liability	13,045
Differences between expected and actual experience in the measurement of the total pension liability	27,552
Changes of assumptions or other inputs	(14,033)
Benefit payments	<u>(30,429)</u>
Net changes	<u>9,240</u>
Ending balance of the total pension liability	<u>\$ 437,271</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.16% at December 31, 2017 to 3.64% at December 31, 2018.

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:

	LGERS	LEOSSA	Total
Proportionate share of net pension liability (asset)	\$ 381,473	\$ -	\$ 381,473
Proportion of the net pension liability (asset)	0.01608%	NA	-
Total pension liability	-	437,271	437,271
Pension expense	101,456	19,455	120,911

At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	LEOSSA	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 58,852	\$ 22,676	\$ 81,528
Changes of assumptions	101,228	13,538	114,766
Net difference between projected and actual earnings on pension plan investments	52,365	-	52,365
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,434	-	2,434
Town contributions (LGERS) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	85,368	15,215	100,583
Total	\$ 300,247	\$ 51,429	\$ 351,676

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

	LGERS	LEOSSA	Total
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 1,975	\$ 40,546	\$ 42,521
Changes of assumptions	-	15,651	15,651
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,283	-	6,283
Total	\$ 8,258	\$ 56,197	\$ 64,455

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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) Plan that includes the 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, 2019 were \$38,877, which consisted of \$20,767 from the Town and \$18,110 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, 2019 were \$36,615, which consisted of \$15,425 from the Town and \$21,190 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, 2019

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, 2019, 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, 2019**

Membership of the Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

	General Employees
Retirees receiving benefits	-
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	19
Total	19

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:

Years of Service At Retirement	Age at Retirement	Maximum Monthly Town Contribution
15-19	60	75.00%
20-24	55	93.75%
20 or more	60	100.00%
25 or more	55	100.00%
30 or more	any	100.00%

Total OPEB Liability

The Town’s total OPEB liability of \$183,213 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following 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	3.89 percent
Healthcare cost trend rates	Pre-Medicare - 7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2018	<u>\$ 174,116</u>
Changes for the year:	
Service cost	10,667
Interest	6,199
Differences between expected and actual experience	(358)
Changes of assumptions or other inputs	<u>(7,411)</u>
Net changes	<u>9,097</u>
Balance at June 30, 2019	<u><u>\$ 183,213</u></u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.56% to 3.89%.

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, 2017 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, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 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 (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 155,675</u>	<u>\$ 183,213</u>	<u>\$ 216,667</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

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% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 155,675	\$ 183,213	\$ 216,667

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$16,694. At June 30, 2019, 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	\$ -	\$ 564
Changes of assumptions	-	15,795
Total	<u>\$ -</u>	<u>\$ 16,359</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 ended June 30, 2020. 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>
2020	\$ (2,517)
2021	(2,517)
2022	(2,517)
2023	(2,517)
2024	(2,517)
Thereafter	(3,774)
Total	<u>\$ (16,359)</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Deferred Outflows and Inflows of Resources

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

	<u>Amount</u>
Pension deferrals	<u>\$ 351,676</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	\$ -	\$ 69,074
Special assessment receivable	-	9,815
Prepaid taxes	2,059	2,059
OPEB deferrals	16,359	-
Pension deferrals	<u>64,455</u>	<u>-</u>
Total	<u>\$ 82,873</u>	<u>\$ 80,948</u>

Long-Term Obligations

Installment Purchase Contracts

Serviced by Governmental Funds:

\$292,403 note issued September 23, 2015, 1.99%, payable in annual installments of \$61,184, including interest, with a final payment due in fiscal year 2020 secured by road improvements \$ 59,991

The Town's outstanding note from direct placements related to governmental activities of \$59,991 is secured with collateral of road improvements. The note contains provisions that an event of default would result in the following remedies (1) declare the unpaid principal components of the installment payments immediately due and payable, (2) proceed by appropriate court action to enforce the Town's performance of applicable covenants of the agreement or recover for the breach thereof, (3) avail itself of all available remedies under the agreement, including execution and recovery of attorneys' fees and other expenses. In the event of default and in addition to all other remedies, the issuer shall have all rights and remedies of a secured party under UCC and may proceed to execute upon the Security Property. In addition, in the event of default, the Town shall immediately lose the right to possess, use and enjoy the collateral, and thereupon the Town shall pay monthly in advance a fair and reasonable rental value for the use and possession of the collateral, and upon demand, shall deliver possession of the collateral to any purchaser of the collateral after an execution sale.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

The future minimum payments of the governmental activities long-term debt installment purchase contracts as of June 30, 2019 are as follows:

Year Ending			
June 30	Principal	Interest	Total
2020	<u>\$ 59,991</u>	<u>\$ 1,194</u>	<u>\$ 61,185</u>

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.

\$ 1,466,646

The Town's outstanding note from direct borrowings related to business-type activities of \$1,466,646 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.

The future minimum payments of the Sewer Fund long-term debt notes payable as of June 30, 2019 are as follows:

Year Ending			
June 30	Principal	Interest	Total
2020	\$ 162,960	\$ 30,800	\$ 193,760
2021	162,960	27,377	190,337
2022	162,960	23,955	186,915
2023	162,960	20,533	183,493
2024	162,960	17,111	180,071
2025-2028	<u>651,846</u>	<u>34,222</u>	<u>686,068</u>
Total	<u>\$ 1,466,646</u>	<u>\$ 153,998</u>	<u>\$ 1,620,644</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>	<u>Current Portion</u>
Governmental Activities:					
Direct Placement Installment purchase	\$ 249,533	\$ -	\$ 189,542	\$ 59,991	\$ 59,991
Total OPEB liability	139,293	7,278	-	146,571	-
Net pension liability (LGERS)	203,860	101,319	-	305,179	-
Total pension liability (LEOSSA)	428,031	9,240	-	437,271	-
Compensated absences	68,965	52,949	51,867	70,047	47,701
Total	<u>\$ 1,089,682</u>	<u>\$ 170,786</u>	<u>\$ 241,409</u>	<u>\$ 1,019,059</u>	<u>\$ 107,692</u>

Compensated absences, other post-employment benefits, and net pension obligation 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, 2019 amounts to \$32,283,266.

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

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2019</u>	<u>Current Portion</u>
Business-Type Activities:					
Sewer Fund:					
Direct Borrowing Installment purchase	\$ 1,629,606	\$ -	\$ 162,960	\$ 1,466,646	\$ 162,960
Total OPEB liability	34,823	1,819	-	36,642	-
Net pension liability (LGERS)	50,965	25,329	-	76,294	-
Compensated absences	25,428	17,276	14,662	28,042	16,822
Total Sewer Fund	<u>1,740,822</u>	<u>44,424</u>	<u>177,622</u>	<u>1,607,624</u>	<u>179,782</u>
Total business-type activities	<u>\$ 1,740,822</u>	<u>\$ 44,424</u>	<u>\$ 177,622</u>	<u>\$ 1,607,624</u>	<u>\$ 179,782</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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.

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. Financial Commitment

On August 21, 2008, the Town entered into an agreement with Haywood County to assist the County with the purchase of property. Haywood County will pay a total of \$1,123,000 for the property. The Town will pay approximately \$12,495 annually to the County for 15 years. The agreement between the Town and the County changed due to the County refinancing the debt on October 1, 2013. The Town will now pay between approximately \$7,800 and \$9,400 a year with the final payment being made in June 2023.

5. Subsequent Event

Subsequent to year-end, the Board agreed to commit fund balance for the Soco Road project in the amount of \$120,000 a year until it reaches a total of \$395,000 or the project is complete.

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 TWO FISCAL YEARS**

Other Post-Employment Benefits		
	2019	2018
Service cost	\$ 10,667	\$ 11,553
Interest	6,199	5,120
Differences between expected and actual experience	(358)	(332)
Changes of assumptions or other inputs	<u>(7,411)</u>	<u>(12,335)</u>
Net change in total OPEB liability	9,097	4,006
Total OPEB liability - beginning	<u>174,116</u>	<u>170,110</u>
Total OPEB liability - ending	<u><u>\$ 183,213</u></u>	<u><u>\$ 174,116</u></u>
Covered payroll	\$ 876,935	\$ 876,935
Total OPEB liability as a percentage of covered payroll	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
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 THREE FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 428,031	\$ 466,777	\$ 465,881
Service cost	13,105	12,226	13,894
Interest on the total pension liability	13,045	17,514	16,277
Differences between expected and actual experience in the measurement of the total pension liability	27,552	(63,648)	-
Changes of assumptions or other inputs	(14,033)	21,253	(9,406)
Benefit payments	<u>(30,429)</u>	<u>(26,091)</u>	<u>(19,869)</u>
Ending balance of the total pension liability	<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 THREE FISCAL YEARS****Law Enforcement Officers' Special Separation Allowance**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 437,271	\$ 428,031	\$ 466,777
Covered payroll	443,075	431,372	504,068
Total pension liability as a percentage of covered payroll	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 SIX FISCAL YEARS***

	Local Governmental Employees' Retirement System					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town of Maggie Valley's proportion of the net pension liability (asset) (%)	0.01608%	0.01668%	0.01690%	0.01716%	0.01633%	0.01870%
Town of Maggie Valley's proportion of the net pension liability (asset) (\$)	\$ 381,473	\$ 254,825	\$ 358,676	\$ 76,969	\$ (96,305)	\$ 225,407
Town of Maggie Valley's covered payroll	\$ 1,002,804	\$ 1,077,101	\$ 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	38.04%	23.66%	35.90%	8.07%	(9.99%)	23.28%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* 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 CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARSLocal Governmental Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 85,368	\$ 78,305	\$ 81,516	\$ 68,721	\$ 68,886	\$ 68,411
Contributions in relation to the contractually required contribution	<u>85,368</u>	<u>78,305</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Town of Maggie Valley's covered payroll	\$ 1,060,866	\$ 1,002,804	\$ 1,077,101	\$ 999,070	\$ 953,727	\$ 964,123
Contributions as a percentage of covered payroll	8.05%	7.81%	7.57%	6.88%	7.22%	7.10%

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

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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.

General Capital Project Fund – This fund is used to account for financial resources to be used for various governmental projects.

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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, 2019

	2019		
	Budget	Actual	Variance Over/Under
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 1,808,666	\$ 1,675,229	\$ (133,437)
Prior years	28,000	24,708	(3,292)
Penalty and interest	54,675	13,130	(41,545)
Total ad valorem taxes	<u>1,891,341</u>	<u>1,713,067</u>	<u>(178,274)</u>
Other Taxes and Licenses:			
Local option sales tax	238,302	412,728	174,426
Privilege licenses	7,875	-	(7,875)
Beer and wine licenses	-	675	675
Cable TV franchise tax	5,542	43,148	37,606
Solid waste disposal tax	23,276	988	(22,288)
Occupancy tax	630	41,031	40,401
Special assessment	26,964	16,264	(10,700)
Utility franchise tax	1,193	169,528	168,335
Total other taxes and licenses	<u>303,782</u>	<u>684,362</u>	<u>380,580</u>
Unrestricted Intergovernmental Revenues:			
Beer and wine tax	500	6,131	5,631
ABC profit distribution	9,520	23,580	14,060
Total unrestricted intergovernmental revenues	<u>10,020</u>	<u>29,711</u>	<u>19,691</u>
Restricted Intergovernmental Revenues:			
Safety Equipment Grant	2,285	-	(2,285)
Powell Bill	16,689	38,410	21,721
Drug recovery funds	42,601	7,238	(35,363)
Court/officer fees	130,000	883	(129,117)
NCLM Safety Grant	-	2,285	2,285
Pigeon River Grant	4,600	-	(4,600)
Crime Control Grant	22,293	22,222	(71)
Total restricted intergovernmental revenues	<u>218,468</u>	<u>71,038</u>	<u>(147,430)</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, 2019

	2019		Variance Over/Under
	Budget	Actual	
Permits and Fees:			
Zoning permits	-	18,575	18,575
Sign permits	14,000	557	(13,443)
Total permits and fees	14,000	19,132	5,132
Sales and Services:			
Rental and collection fees	137,015	118,447	(18,568)
Investment Earnings	14,064	57,391	43,327
Miscellaneous:			
Other contributions and donations	-	100	100
Other miscellaneous	75,335	61,568	(13,767)
Total miscellaneous	75,335	61,668	(13,667)
Total revenues	2,664,025	2,754,816	90,791
Expenditures:			
General Government:			
Administration/Governing Board:			
Salaries and benefits	352,920	350,100	2,820
Operating	162,422	107,096	55,326
Capital outlay	3,750	-	3,750
Total general government	519,092	457,196	61,896
Public Safety:			
Police:			
Salaries and benefits	781,126	724,753	56,373
Operating	244,831	228,898	15,933
Capital outlay	60,600	57,292	3,308
Total police	1,086,557	1,010,943	75,614
Total public safety	1,086,557	1,010,943	75,614

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, 2019**

	2019		
	Budget	Actual	Variance Over/Under
Transportation:			
Streets and Highways:			
Salaries and benefits	209,551	183,316	26,235
Operating expenses	361,636	299,067	62,569
Capital outlay	77,393	74,119	3,274
Total streets and highways	<u>648,580</u>	<u>556,502</u>	<u>92,078</u>
Powell Bill:			
Salaries and benefits	1,215	1,203	12
Operating	13,007	22,893	(9,886)
Capital outlay	40,275	23,585	16,690
Total Powell Bill	<u>54,497</u>	<u>47,681</u>	<u>6,816</u>
Total transportation	<u>703,077</u>	<u>604,183</u>	<u>98,894</u>
Parks and Recreation:			
Operating expenses	33,353	28,791	4,562
Capital outlay	22,771	22,087	684
Total	<u>56,124</u>	<u>50,878</u>	<u>5,246</u>
Contribution to Haywood County	<u>8,738</u>	<u>8,737</u>	<u>1</u>
Festival Grounds:			
Salaries and benefits	54,628	47,962	6,666
Operating expenses	100,315	88,441	11,874
Total	<u>154,943</u>	<u>136,403</u>	<u>18,540</u>
Total parks and recreation	<u>219,805</u>	<u>196,018</u>	<u>23,787</u>
Debt Service:			
Principal	189,662	189,542	120
Interest and fees	5,185	5,143	42
Total debt service	<u>194,847</u>	<u>194,685</u>	<u>162</u>
Total expenditures	<u>2,723,378</u>	<u>2,463,025</u>	<u>260,353</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, 2019**

	<u>2019</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(59,353)	291,791	351,144
Other Financing Sources (Uses):			
Appropriated fund balance	<u>59,353</u>	<u>-</u>	<u>(59,353)</u>
Net change in fund balance	<u>\$ -</u>	<u>291,791</u>	<u>\$ 291,791</u>
Fund Balance:			
Beginning of year - July 1		<u>2,901,153</u>	
End of year - June 30		<u>\$ 3,192,944</u>	

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**GENERAL CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total	
Revenues:					
Haywood County TDA Funds	\$ 45,000	\$ 45,000	\$ -	\$ 45,000	\$ -
Miscellaneous revenue	-	1,750	1,650	3,400	(3,400)
Total revenues	<u>45,000</u>	<u>46,750</u>	<u>1,650</u>	<u>48,400</u>	<u>(3,400)</u>
Expenditures:					
Mary Rathbone Rich Park:					
Administration	1,000	765	-	765	235
Engineering	12,820	12,820	-	12,820	-
Construction	252,388	248,659	2,817	251,476	912
Total expenditures	<u>266,208</u>	<u>262,244</u>	<u>2,817</u>	<u>265,061</u>	<u>1,147</u>
Revenues over (under) expenditures	(221,208)	(215,494)	(1,167)	(216,661)	4,547
Other Financing Sources (Uses):					
Transfers (to) from other funds	<u>221,208</u>	<u>221,207</u>	-	<u>221,207</u>	<u>(1)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,713</u>	<u>\$ (1,167)</u>	<u>\$ 4,546</u>	<u>\$ 4,546</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Sewer charges	\$ 791,103	\$ 797,586	\$ 6,483
Sewer tap fees	50,692	103,201	52,509
Other operating revenues	54,385	52,720	(1,665)
Total operating revenues	<u>896,180</u>	<u>953,507</u>	<u>57,327</u>
Non-operating revenues:			
Interest on investments	12,740	19,481	6,741
Miscellaneous	2,740	2,740	-
Total non-operating revenues	<u>15,480</u>	<u>22,221</u>	<u>6,741</u>
Total revenues	<u>911,660</u>	<u>975,728</u>	<u>64,068</u>
Expenditures:			
Administration:			
Salaries and benefits	<u>299,100</u>	<u>295,914</u>	<u>3,186</u>
Operations:			
Utilities	75,640	66,291	9,349
Maintenance and repairs	94,590	79,365	15,225
Contractual services	51,745	49,586	2,159
Professional	59,526	42,915	16,611
Supplies	23,700	17,249	6,451
Insurance	13,600	13,212	388
Miscellaneous	53,011	30,596	22,415
Total operating expenditures	<u>371,812</u>	<u>299,214</u>	<u>72,598</u>
Debt service:			
Principal repayment	162,961	162,960	1
Interest and fees	34,222	34,222	-
Total debt service	<u>197,183</u>	<u>197,182</u>	<u>1</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, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other expenditures:			
Capital outlay	54,385	54,385	-
Total expenditures	<u>922,480</u>	<u>846,695</u>	<u>75,785</u>
Revenues over (under) expenditures	(10,820)	129,033	139,853
Other Financing Sources (Uses):			
Appropriated fund balance	<u>10,820</u>	-	<u>(10,820)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	129,033	<u>\$ 129,033</u>
Reconciliation from Modified Accrual Basis to Accrual Basis:			
Principal retirement		162,960	
Capital outlay		54,385	
Change in compensated absences		(2,614)	
Change in OPEB liability		(1,819)	
Change in net pension liability		(25,329)	
Change in deferred outflows of resources - pension		20,968	
Change in deferred inflows of resources - pension		1,144	
Change in deferred inflows of resources - OPEB		(1,051)	
Depreciation		<u>(183,675)</u>	
Change in net position, accrual basis		<u>\$ 154,002</u>	

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, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-2019	\$ -	\$ 1,741,560	\$ 1,680,395	\$ 61,165
2017-2018	29,142	-	22,308	6,834
2016-2017	8,015	-	2,122	5,893
2015-2016	7,633	-	461	7,172
2014-2015	2,053	-	282	1,771
2013-2014	3,180	-	305	2,875
2012-2013	4,091	-	327	3,764
2011-2012	2,881	-	-	2,881
2010-2011	3,854	-	105	3,749
2009-2010	2,800	-	30	2,770
2008-2009	2,460	-	2,460	-
Total	<u>\$ 66,109</u>	<u>\$ 1,741,560</u>	<u>\$ 1,708,795</u>	<u>98,874</u>
Less allowance for uncollectible ad valorem taxes receivable				<u>(29,800)</u>
Ad valorem taxes receivable, net				<u>\$ 69,074</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 1,713,067
Reconciling items:				
Amounts written off per Statute of Limitations				(2,460)
Interest				6,301
Releases, refunds, interest and other adjustments				<u>(8,113)</u>
Total collections and credits				<u>\$ 1,708,795</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2019

	<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	\$ 404,033,488	\$ 0.43	\$ 1,737,344	\$ 1,649,145	\$ 88,199
Penalties	-		3,109	3,109	-
Discoveries:					
Current year taxes	<u>257,223</u>		<u>1,107</u>	<u>1,107</u>	<u>-</u>
Total property valuation	<u>\$ 404,290,711</u>				
Net Levy			1,741,560	1,653,361	88,199
Uncollected taxes at June 30, 2019			<u>(61,165)</u>	<u>(60,457)</u>	<u>(708)</u>
Current Year's Taxes Collected			<u>\$ 1,680,395</u>	<u>\$ 1,592,904</u>	<u>\$ 87,491</u>
Current Levy Collection Percentage			<u>96.49%</u>	<u>96.34%</u>	<u>99.20%</u>

STATISTICAL SECTION

This part of the Town of Maggie Valley's comprehensive annual 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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 3,140,826	\$ 5,914,883	\$ 6,015,264	\$ 6,280,941	\$ 6,188,008	\$ 6,132,080	\$ 7,041,648	\$ 7,151,506	\$ 7,479,809	\$ 7,535,259
Restricted	149,392	296,421	227,776	264,994	248,102	274,788	227,667	269,764	288,263	264,677
Unrestricted	1,418,616	1,499,082	1,552,432	1,491,353	1,611,125	1,703,479	2,088,744	1,981,732	1,951,744	2,268,370
Total governmental activities net position	\$ 4,708,834	\$ 7,710,386	\$ 7,795,472	\$ 8,037,288	\$ 8,047,235	\$ 8,110,347	\$ 9,358,059	\$ 9,403,002	\$ 9,719,816	\$ 10,068,306
Business-type activities										
Net investment in capital assets	\$ 4,493,992	\$ 4,728,365	\$ 4,796,896	\$ 4,883,849	\$ 4,861,340	\$ 4,838,254	\$ 4,159,861	\$ 4,144,634	\$ 4,153,807	\$ 4,187,477
Unrestricted	1,578,574	1,567,071	1,555,414	1,533,967	1,617,951	1,581,537	1,460,066	1,608,418	1,717,819	1,838,151
Total business-type activities net position	\$ 6,072,566	\$ 6,295,436	\$ 6,352,310	\$ 6,417,816	\$ 6,479,291	\$ 6,419,791	\$ 5,619,927	\$ 5,753,052	\$ 5,871,626	\$ 6,025,628
Primary government										
Net investment in capital assets	\$ 7,634,818	\$ 10,643,248	\$ 10,812,160	\$ 11,164,790	\$ 11,049,348	\$ 10,970,334	\$ 11,201,509	\$ 11,296,140	\$ 11,633,616	\$ 11,722,736
Restricted	149,392	296,421	227,776	264,994	248,032	274,788	227,667	269,764	288,263	264,677
Unrestricted	2,997,190	3,066,153	3,107,846	3,025,320	3,229,146	3,285,016	3,548,810	3,590,150	3,669,563	4,106,521
Total primary government net position	\$ 10,781,400	\$ 14,005,822	\$ 14,147,782	\$ 14,455,104	\$ 14,526,526	\$ 14,530,138	\$ 14,977,986	\$ 15,156,054	\$ 15,591,442	\$ 16,093,934

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General Government	\$ 448,277	\$ 478,688	\$ 479,242	\$ 548,043	\$ 355,026	\$ 404,990	\$ 693,429	\$ 476,496	\$ 668,623	\$ 504,337
Public Safety	1,358,663	1,074,957	1,043,027	916,738	1,030,764	1,017,165	1,031,788	1,191,902	811,102	1,030,929
Transportation	495,991	520,452	576,194	579,476	605,523	600,032	300,884	662,024	696,782	671,251
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Parks & Recreation	21,638	16,280	15,958	15,394	28,746	25,180	26,030	47,307	132,570	212,816
Interest on long-term debt	59,007	53,576	49,757	37,510	37,213	15,205	14,376	15,159	11,288	5,143
Total governmental activities expenses	<u>2,383,576</u>	<u>2,143,953</u>	<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>
Business-type activities:										
Sewer	616,386	587,592	663,658	694,878	736,366	728,258	768,796	764,762	818,900	821,726
Festival Grounds	149,730	238,046	276,079	202,090	154,437	113,660	134,030	-	-	-
Total business-type activities	766,116	825,638	929,737	896,968	890,803	841,918	902,826	764,762	818,900	821,726
Total primary governmental expenses	<u>\$ 3,149,692</u>	<u>\$ 2,969,591</u>	<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>
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 4,895	\$ 3,935	\$ 1,830	\$ 3,024	\$ 3,220	\$ 2,580	\$ 2,175	\$ 40,909	\$ 3,640	\$ 4,330
Public Safety	12,272	2,661	3,799	2,780	5,935	11,306	8,193	11,862	20,080	19,132
Transportation	-	-	-	-	-	-	-	-	87,948	83,962
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	43,673	30,155
Operating grants and contributions	339,644	86,386	119,375	456,972	143,325	101,547	133,708	119,510	97,126	132,706
Capital grants and contributions	-	2,745,649	26,199	10,000	-	-	-	-	-	-
Total governmental activities program revenues	<u>356,811</u>	<u>2,838,631</u>	<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>
Business-type activities:										
Charges for services:										
Sewer	705,981	708,181	643,958	618,731	664,737	723,683	755,697	892,224	923,729	953,507
Festival Grounds	89,983	41,191	53,144	30,733	40,799	24,761	31,869	-	-	-
Operating grants and contributions	-	113,022	142,950	99,531	46,540	-	-	-	5,000	2,740
Capital grants and contributions	-	42,638	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>795,964</u>	<u>905,032</u>	<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>
Total primary governmental program revenues	<u>\$ 1,152,775</u>	<u>\$ 3,743,663</u>	<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>
Net (expense)/revenue	<u>\$ (2,026,765)</u>	<u>\$ 694,678</u>	<u>\$ (2,012,975)</u>	<u>\$ (1,624,385)</u>	<u>\$ (1,904,792)</u>	<u>\$ (1,947,139)</u>	<u>\$ (1,922,431)</u>	<u>\$ (2,220,607)</u>	<u>\$ (2,067,898)</u>	<u>\$ (2,154,191)</u>
Governmental activities	29,848	79,394	(89,685)	(147,973)	(138,727)	(93,474)	(115,260)	127,462	109,829	134,521
Business-type activities	<u>\$ (1,996,917)</u>	<u>\$ 774,072</u>	<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>

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 1,765,479	\$ 1,830,486	\$ 1,741,025	\$ 1,579,027	\$ 1,616,141	\$ 1,630,899	\$ 1,710,421	\$ 1,607,484	\$ 1,687,286	\$ 1,729,567
Local option sales tax	323,386	319,849	253,592	252,690	266,995	304,362	328,945	344,957	371,660	412,728
License	15,158	24,718	23,785	38,775	13,992	9,732	6,193	7,560	660	675
Franchise	176,205	186,449	152,166	142,989	150,670	197,878	218,757	207,868	207,010	212,676
Disposal tax	1,115	1,076	862	566	683	795	806	863	929	988
Grants and Contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Unrestricted intergovernmental revenues	3,296	7,061	5,009	4,683	14,363	23,217	24,002	66,961	21,094	31,361
Unrestricted investment earnings	14,417	10,090	5,871	4,798	3,912	4,931	9,201	16,302	30,364	57,391
Miscellaneous	-	-	-	9,500	8,833	12,564	167,298	123,960	87,293	57,295
Transfers	(247,396)	(72,855)	(84,249)	(166,827)	(160,850)	(50,100)	704,520	-	-	-
Total governmental activities	2,051,660	2,306,874	2,098,061	1,866,201	1,914,739	2,134,278	3,170,143	2,375,955	2,406,296	2,502,681
Total business-type activities										
Unrestricted investment earnings	18,185	10,138	5,171	3,448	2,868	2,968	3,916	5,663	11,109	19,481
Miscellaneous	-	60,482	57,140	43,204	36,484	13,875	16,000	-	-	-
Transfers	247,396	72,855	84,249	166,827	160,850	50,100	(704,520)	-	-	-
Total business-type activities	265,581	143,475	146,560	213,479	200,202	66,943	(684,604)	5,663	11,109	19,481
Total primary government	\$ 2,317,241	\$ 2,450,349	\$ 2,244,621	\$ 2,079,680	\$ 2,114,941	\$ 2,201,221	\$ 2,485,539	\$ 2,381,618	\$ 2,417,405	\$ 2,522,162
Change in Net Position										
Governmental activities	24,895	3,001,552	85,086	241,816	9,947	187,139	1,247,712	155,348	338,398	348,490
Business-type activities	295,429	222,869	56,875	65,506	61,475	(26,531)	(799,864)	133,125	120,938	154,002
Total primary government	\$ 320,324	\$ 3,224,421	\$ 141,961	\$ 307,322	\$ 71,422	\$ 160,608	\$ 447,848	\$ 288,473	\$ 459,336	\$ 502,492

**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
2010	1,765,479	323,386	176,205	2,296	1,115	-	2,268,481
2011	1,830,486	319,849	186,449	7,061	1,076	-	2,344,921
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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 155,205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,604,867	-	-	-	-	-	-	-	-	-
Non-spendable	-	20,821	26,155	15,169	16,841	31,686	38,100	22,280	13,592	7,799
Restricted	-	296,421	225,818	264,994	248,102	274,788	226,625	269,694	283,788	264,675
Committed	-	6,957	6,957	6,957	6,957	6,957	6,957	6,957	6,957	6,957
Assigned	-	-	-	-	-	27,761	-	174,380	-	165,331
Unassigned	-	1,726,406	1,728,287	1,802,205	1,916,914	2,111,097	2,406,189	2,199,864	2,596,816	2,748,182
Total General Fund	\$ 1,760,072	\$ 2,050,605	\$ 1,987,217	\$ 2,089,325	\$ 2,188,814	\$ 2,452,289	\$ 2,677,871	\$ 2,673,175	\$ 2,901,153	\$ 3,192,944
All other governmental funds										
Restricted in capital project	\$ -	\$ 39,650	\$ 1,958	\$ -	\$ -	\$ -	\$ 1,042	\$ 70	\$ 4,475	\$ 2
Committed in capital project	-	-	-	-	-	-	-	160,951	1,238	4,544
Unassigned in capital project	-	(31,757)	89,096	-	-	-	(8)	-	-	-
Total all other governmental funds	\$ -	\$ 7,893	\$ 91,054	\$ -	\$ -	\$ -	\$ 1,034	\$ 161,021	\$ 5,713	\$ 4,546

(1) 2011 reflects reporting requirements for the implementation of GASB Statement 54.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Ad valorem taxes	\$ 1,709,773	\$ 1,887,148	\$ 1,750,802	\$ 1,588,371	\$ 1,594,227	\$ 1,676,985	\$ 1,596,125	\$ 1,677,533	\$ 1,731,770	\$ 1,713,067
Other tax and license	515,864	532,092	430,405	444,520	441,173	525,331	721,999	685,208	667,552	684,362
Unrestricted intergovernmental revenues	3,296	7,061	5,009	4,683	14,363	23,217	24,002	66,961	21,094	31,361
Restricted intergovernmental revenues	318,022	2,807,936	100,474	113,445	95,973	61,373	64,857	67,916	46,816	71,038
Permits & fees	12,271	2,661	3,799	2,780	5,935	11,306	8,193	11,862	20,080	19,132
Sales & service	4,895	3,935	1,830	3,024	3,220	2,580	2,175	40,909	135,261	118,447
Investment earnings	14,417	10,090	5,871	4,798	3,912	4,931	9,201	16,302	30,364	57,391
Miscellaneous	21,622	24,099	45,100	353,527	47,352	95,798	124,475	25,960	50,310	61,668
Total revenues	2,600,160	5,275,022	2,343,290	2,515,148	2,206,155	2,401,521	2,551,027	2,592,651	2,703,247	2,756,466
Expenditures										
General government	398,366	404,707	428,313	404,733	318,729	476,041	894,890	598,042	611,389	460,013
Public safety	975,922	1,032,006	1,024,957	920,083	1,002,751	1,045,162	1,003,255	1,111,527	916,839	1,010,943
Transportation	410,854	489,906	430,806	447,678	476,254	462,406	441,582	582,825	577,967	604,183
Parks and recreation	17,491	12,133	11,811	11,490	16,180	13,437	184,992	35,417	147,229	196,018
Capital outlay	403,718	2,798,068	131,060	107,373	-	-	-	-	-	-
Debt service										
Principal repayments	177,065	177,607	162,564	408,400	701,653	152,387	219,781	220,268	365,865	189,542
Interest	59,007	53,576	49,757	37,510	37,213	15,205	14,376	15,159	11,288	5,143
Total expenditures	2,442,423	4,948,003	2,239,268	2,337,267	2,552,780	2,164,638	2,758,876	2,563,238	2,630,577	2,465,842
Excess of revenues over (under) expenditures	157,737	327,019	104,022	177,881	(346,625)	236,883	(207,849)	29,413	72,670	290,624
Other Financing Sources (Uses)										
Proceeds from installment purchase	98,210	44,262	282,842	-	606,964	76,692	377,222	100,244	-	-
Appropriated fund balance	-	-	-	-	-	-	-	-	-	-
Transfers	(247,396)	(72,855)	(367,091)	(166,827)	(160,850)	(50,100)	57,243	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(149,186)	(28,593)	(84,249)	(166,827)	446,114	26,592	434,465	125,878	-	-
Net change in fund balances	\$ 8,551	\$ 298,426	\$ 19,773	\$ 11,054	\$ 99,489	\$ 263,475	\$ 226,616	\$ 155,291	\$ 72,670	\$ 290,624
Debt services as a percentage of non-capital expenditures	11.6%	11.1%	10.4%	20.3%	30.0%	8.3%	11.4%	10.4%	16.1%	8.5%

**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
2010	388,431,538	23,643,319	3,207,399	10,563,584	(1,665,708)	424,180,132	0.42
2011	393,594,408	21,231,402	2,845,313	10,798,217	(1,071,316)	427,398,024	0.42
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

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	Haywood County	Town of Maggie Valley	Fire District
2010	0.514	0.42	0.05
2011	0.514	0.42	0.05
2012	0.541	0.42	0.06
2013	0.541	0.39	0.06
2014	0.541	0.39	0.06
2015	0.541	0.39	0.06
2016	0.566	0.39	0.06
2017	0.566	0.39	0.06
2018	0.585	0.43	0.06
2019	0.585	0.43	0.06

Source: Haywood County and Maggie Valley Tax Departments

Town of Maggie Valley
Principal Property Taxpayers
June 30, 2019

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Maggie Valley Resort LLC	\$ 11,965,294	1	2.96%	\$ 19,239,564	1	4.65%
MVRE LLC A NC LLC	5,944,600	2	1.47%	8,283,384	2	2.00%
LULA LLC	3,915,932	3	0.97%	5,715,770	3	1.38%
Peppertree Resort	3,434,128	4	0.85%	4,444,830	4	1.07%
Twinbrooks Resort Inc	2,868,700	5	0.71%	3,907,292	5	0.94%
Zambito Enterprises Inc	2,828,800	10	0.70%	3,751,270	6	0.91%
DAHI Inc	2,659,253	7	0.66%	2,617,402	7	0.63%
Duke Energy Progress Inc	2,630,728	6	0.65%	2,391,079	8	0.58%
Kyle Edwards	2,620,420	8	0.65%	2,315,100	9	0.56%
Taylor Toggs	2,080,810	9	0.51%	2,295,981	10	0.56%
Totals	\$ 40,948,665		10.13%	\$ 54,961,672		13.29%
Total Taxable Assessed Value	\$ 404,265,250			\$ 413,616,548		

Total Taxable Assessed Value \$ 413,616,548

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
2010	1,783,895	1,657,688	92.93%	30	1,753,082	98.27%
2011	1,797,477	1,715,571	95.44%	105	1,715,571	95.44%
2012	1,720,154	1,637,992	95.22%	-	1,638,340	95.24%
2013	1,586,046	1,512,825	95.38%	348	1,513,130	95.40%
2014	1,617,056	1,532,770	94.79%	305	1,533,075	94.81%
2015	1,604,854	1,551,443	96.67%	281	1,551,724	96.69%
2016	1,614,072	1,545,669	95.76%	500	1,546,169	95.79%
2017	1,634,537	1,587,945	97.15%	1,511	1,589,456	97.24%
2018	1,703,061	1,673,918	98.29%	22,318	1,696,236	99.60%
2019	1,741,560	1,680,396	96.49%	-	1,680,396	96.49%

**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				
2010	-	1,452,675	-	-	3,067,680	4,520,355	0.58%	2,838	
2011	-	1,319,329	-	-	2,885,373	4,204,702	0.62%	2,612	
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%	2,138.82	
2016	-	735,422	-	-	1,973,200	2,708,622	1.28%	2,101.34	
2017	-	615,398	-	-	1,813,251	2,428,649	1.45%	1,884.13	
2018	-	249,533	-	-	1,629,606	1,879,139	2.00%	1,359.72	
2019	-	5,991	-	-	1,466,646	1,474,656	2.41%	1,039.22	

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, 2019**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Haywood County	\$ 41,785,680	5.34%	\$ 2,231,355
Subtotal, overlapping debt			2,231,355
Town of Maggie Valley direct debt			59,990
Total direct and overlapping debt			<u>\$ 2,291,345</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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 32,481,736	\$ 32,872,513	\$ 31,539,917	\$ 32,490,637	\$ 33,145,774	\$ 32,855,807	\$ 33,052,806	\$ 33,476,306	\$ 31,631,501	\$ 32,343,257
Total net debt applicable to limit	1,452,675	1,319,329	1,156,765	748,365	653,676	577,981	735,422	615,398	249,533	59,991
Legal debt margin	\$ 31,029,061	\$ 31,553,184	\$ 30,383,152	\$ 31,742,272	\$ 32,492,098	\$ 32,277,826	\$ 32,317,384	\$ 32,860,908	\$ 31,381,968	\$ 32,283,266
Total net debt applicable to the limit as a percentage of debt limit	<u>4.47%</u>	<u>4.01%</u>	<u>3.67%</u>	<u>2.30%</u>	<u>1.97%</u>	<u>1.76%</u>	<u>2.22%</u>	<u>1.84%</u>	<u>0.79%</u>	<u>0.19%</u>
Assessed value					\$ 404,290,711					
Add back: exempt real property					-					
Total assessed value					<u>\$ 404,290,711</u>					
Debt limit (8% of total assessed value)					\$ 32,343,257					
Debt applicable to limit:										
Less: amount set aside for repayment of general obligation debt					<u>59,991</u>					
Legal debt margin					<u>\$ 32,283,266</u>					

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

Fiscal Year	Population	Haywood County		Per Capita Personal Income (2)	School Enrollment (3)	Haywood County Unemployment Rate (4)
		Personal Income (1)	Personal Income (2)			
2010	1,610	24,319	22,662	394	8.9	
2011	1,610	32,864	20,828	353	9.3	
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	*	*	382	3.9	

(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**

Employer	2019		2010	
	Number of Employees (1)	% of Total County Employment (2)	Number of Employees (1)	% of Total County Employment (2)
Haywood County Consolidated Schools	1,212	4.20%	2	5.04%
Evergreen Packaging	1,100	3.81%	1	5.62%
Dip Partner Medwest LLC	940	3.26%	3	4.11%
Consolidated Metco Inc	684	2.37%		0.00%
Ingles Markets, Inc	591	2.05%	5	1.70%
Haywood County Government	565	1.96%	4	2.15%
Haywood Vocational Opportunities	475	1.65%	8	1.31%
Wal-Mart Associates Inc	335	1.16%	7	1.55%
Haywood Community College	291	1.01%	6	1.70%
Town of Waynesville	278	0.96%	9	0.88%
Silver Bluff Nursing Home			10	0.87%
Totals	6,471	22.44%	6,188	24.94%

Total County Employment

28,836

24,815

(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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	4	4	5	5	5
Festival Grounds	-	-	1	1	-	-	-	-	-	-
Waste Water Treatment	2	2	2	2	2	2	2	2	2	2
Total	22	22	23	23	22	22	22	23	23	23

Source
Various Town Departments

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

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Law Enforcement	192	260	258	211	182	308	267	310	343	270
Physical arrests	873	1,133	1,234	876	518	1,090	1,181	1,567	1,468	1,324
Traffic violations										
Refuse Collection										
Refuse collected (tons per day)	7.38	6.31	7.75	7.41	8.44	7.46	8.94	9.53	9.58	10.23
Recyclables collected (tons per day)	0.70	1.64	1.10	1.16	1.46	1.77	1.81	2.10	2.53	2.08
Other Public Works										
Streets resurfing (miles)	-	-	0.04	0.05	0.15	1.28	-	0.06	0.30	0.35
Potholes repaired	60.00	120.00	120.00	150.00	140.00	105.00	95.00	80.00	90.00	90.00
Waste Water Treatment										
Average daily sewage treatment	0.310	0.260	0.260	0.340	0.290	0.270	0.330	0.326	0.326	0.471

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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	4.38	4.38	6.66	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	11.63	11.63	13.15	13.15	13.15	13.15
playgrounds	1	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)	47.0	47.1	47.1	47.1	47.2	47.3	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, 2019, 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 9, 2019. 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*.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2019-001 that we consider to be a significant deficiency.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Maggie Valley's Response to Finding

The Town of Maggie Valley's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 9, 2019

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

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? No
- Significant deficiency(ies) identified? Yes

Non-compliance material to financial statements noted? No

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2019

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

Significant Deficiency

Finding 2019-001 Segregation of Duties

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting.

Condition: Due to the limited number of personnel in the Town's office, there are inherent limitations to segregation of duties among Town personnel. Presently, a single individual has the ability to prepare, post, and approve journal entries. However, another individual reviews and approves all journal entries prior to posting.

Effect: Adjustments to the general ledger account balances could be made to the general ledger without oversight.

Cause: There are a limited number of personnel for certain functions in the Town.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2018-001.

Recommendation: Ideally, the individual preparing or proposing journal entries should not have access to post the entries. To the extent possible, alternative controls should be used to compensate for any lack of segregation of duties. The Town Manager could review a report listing of adjusting journal entries on a monthly basis to detect unauthorized adjustments to the general ledger.

Name of Contact Person: Shayne Wheeler, Finance Officer

Views of Responsible Officials and Planned Corrective Actions: The Town agrees with this finding and will adhere to the Corrective Action Plan on page 96 in this audit report. Management is aware of the weakness but, due to cost-benefit analysis, hiring personnel does not appear feasible.



Shayne Wheeler
Finance Officer
swheeler@maggievalleync.gov

828.926.0866 x 101
3987 Soco Road
Maggie Valley, NC 28751

CORRECTIVE ACTION PLAN

Significant Deficiency

Finding 2019-001 Segregation of Duties

Name of Contact Person: Shayne Wheeler, Finance Officer

Corrective Action: Management is aware of the weakness but, due to the cost benefit analysis, hiring additional personnel does not appear reasonable. The duties are separated as much as possible, and alternative controls have been implemented to the extent possible to compensate for lack of separation.

Proposed Completion Date: The Board will implement the above procedure immediately.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2019

Finding 2018-001:

Status: Repeated as Finding 2019-001 - The duties are separated as much as possible, and alternative controls have been implemented to the extent possible to compensate for lack of separation.