

**TOWN OF MAGGIE VALLEY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2020**



**TOWN OF MAGGIE VALLEY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2020**

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



# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020

### TABLE OF CONTENTS

| <u>Exhibit</u> |   | <u>Page</u> |
|----------------|---|-------------|
|                | <b>Introductory Section</b>   |             |
|                | Transmittal Letter  | i-iv        |
|                | List of Principal Officials   | v           |
|                | Organizational Chart  | vi          |
|                | GFOA Certificate of Achievement for Excellence in Financial Reporting   | vii         |
|                | <b>Financial Section</b>  |             |
|                | <b>Independent Auditor's Report</b>   | 1-3         |
|                | <b>Management's Discussion and Analysis</b>   | 4-16        |
|                | <b>Basic Financial Statements:</b>  |             |
|                | <b>Government-Wide Financial Statements:</b>  |             |
| A              | Statement of Net Position   | 17          |
| B              | Statement of Activities   | 18-19       |
|                | <b>Fund Financial Statements:</b>   |             |
| C              | Balance Sheet - Governmental Funds  | 20-21       |
| D              | Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds  | 22          |
| E              | Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities | 23          |
| F              | Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund   | 24          |
| G              | Statement of Net Position - Proprietary Funds   | 25          |
| H              | Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds   | 26          |
| I              | Statement of Cash Flows - Proprietary Funds   | 27          |
|                | Notes to the Financial Statements   | 28-60       |

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020

### TABLE OF CONTENTS

| <u>Schedule</u> |   | <u>Page</u> |
|-----------------|---|-------------|
|                 | <b>Required Supplemental Financial Data:</b>  |             |
| A-1             | Other Post-Employment Benefits - Schedule of Changes in the Total OPEB Liability and Related Ratios                             | 61          |
| A-2             | Law Enforcement Officers' Special Separation Allowance - Schedule of Changes in Total Pension Liability                         | 62          |
| A-3             | Law Enforcement Officers' Special Separation Allowance - Schedule of Total Pension Liability as a Percentage of Covered Payroll | 63          |
| A-4             | Local Government Employees' Retirement System - Town of Maggie Valley's Proportionate Share of Net Pension Liability (Asset)    | 64          |
| A-5             | Local Government Employees' Retirement System - Town of Maggie Valley's Contributions   | 65          |
|                 | <b>Governmental Funds:</b>  |             |
| B-1             | General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual                              | 66-69       |
| B-2             | General Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual              | 70          |
|                 | <b>Major Enterprise Funds:</b>  |             |
| C-1             | Enterprise Fund - Sewer Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)                             | 71-72       |
|                 | <b>Other Supplemental Information:</b>  |             |
| D-1             | Schedule of Ad Valorem Taxes Receivable   | 73          |
| D-2             | Analysis of Current Year Levy   | 74          |
|                 | <b>Statistical Section:</b>   |             |
|                 | Net Position by Components  | 75          |
|                 | Changes in Net Position   | 76-77       |
|                 | Governmental Activities Tax Revenues By Source  | 78          |
|                 | Fund Balances of Governmental Funds   | 79          |
|                 | Changes in Fund Balances of Governmental Funds  | 80          |
|                 | Assessed Value of Taxable Property  | 81          |
|                 | Property Tax Rates - Direct and Overlapping Governments   | 82          |

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020

### TABLE OF CONTENTS

| <u>Schedule</u>  | <u>Page</u> |
|--|-------------|
| <b>Statistical Section (continued):</b>  |             |
| Principal Property Taxpayers   | 83          |
| Property Tax Levies and Collections  | 84          |
| Ratio of Outstanding Debt by Type  | 85          |
| Direct and Overlapping Governmental Activities Debt  | 86          |
| Legal Debt Margin Information  | 87          |
| Demographic and Economic Statistics  | 88          |
| Principal Employers  | 89          |
| Full-Time Equivalent Government Employees by Function  | 90          |
| Operating Indicators by Function   | 91          |
| Capital Asset Statistics by Function   | 92          |
| <b>Compliance Section:</b>   |             |
| Report on Internal Control over Financial Reporting and<br>on Compliance and Other Matters Based on an Audit<br>of Financial Statements Performed in Accordance with<br><i>Government Auditing Standards</i> | 93-94       |
| Schedule of Findings and Responses   | 95-96       |
| Corrective Action Plan   | 97          |
| Schedule of Prior Year Audit Findings  | 98          |

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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 2, 2020

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, 2020. 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 24%. 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 1,428. In addition to permanent residents the Town welcomes an estimated 2,000 seasonal residents during warm weather months. In complement to population growth, the Town continues to grow in land area, as of 2020 the Town Corporate Limits total 3.87 square miles. The Town of Maggie Valley is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexations. The most recent city-initiated annexation approved by the Board of Aldermen became effective on July 1, 2011 however more commonly property is voluntarily annexed into the Town's Corporate Limits with the governing board's approval.

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 \$181,828 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 continues to experience a steady level of new residential development in FY19-20 the town's tax value was increased to \$391,420,616 and in FY20-21 it was valued at \$394,984,584 which permitted the Town, for a fourth 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. In FY19-20 the Board of Aldermen used \$30,000 budgeted funds to contract with Mosaic Civic Studio to produce a redevelopment plan of Town owned property along Old Still Road for the creation of a new passive park. If the Board pursues park construction will likely impact the FY21-22 budget.

The Town of Maggie Valley was presented Town Center Master Plan in April 2016. This plan received mixed reviews from the residential and business community as well as affected property owners within the town center district. In response to mixed public reaction, the Town of Maggie Valley's Board of Aldermen suggested that JM Teague Engineering revisit data collected at numerous public design workshops to create a revised plan. In October 2016, the Town received the Town of Maggie Valley Pedestrian Safety Action Plan which focuses on improved pedestrian safety, traffic calming devices and beatification utilizing the existing road right of way. This plan was adopted by the Board of Aldermen in November 2016 and was used by the Town to obtain a Surface Transportation Block Grant (STBG) from the French Broad River MPO for \$2.4 million in May 2018. This grant is an 80/20 grant. This project is administered by NCDOT and is currently in the design and engineering phase. The Board of Aldermen established a capital reserve fund to pay for this project in the FY 19-20 budget; which currently contains \$240,000. Due to NCDOT statewide budget hardships this project has been placed on an administrative hold for the foreseeable future.

### **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, 2019. This is the sixteenth 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, 2020**

**Mayor:**

Mike Eveland

**Mayor Pro Tem:**

Phillip Wight

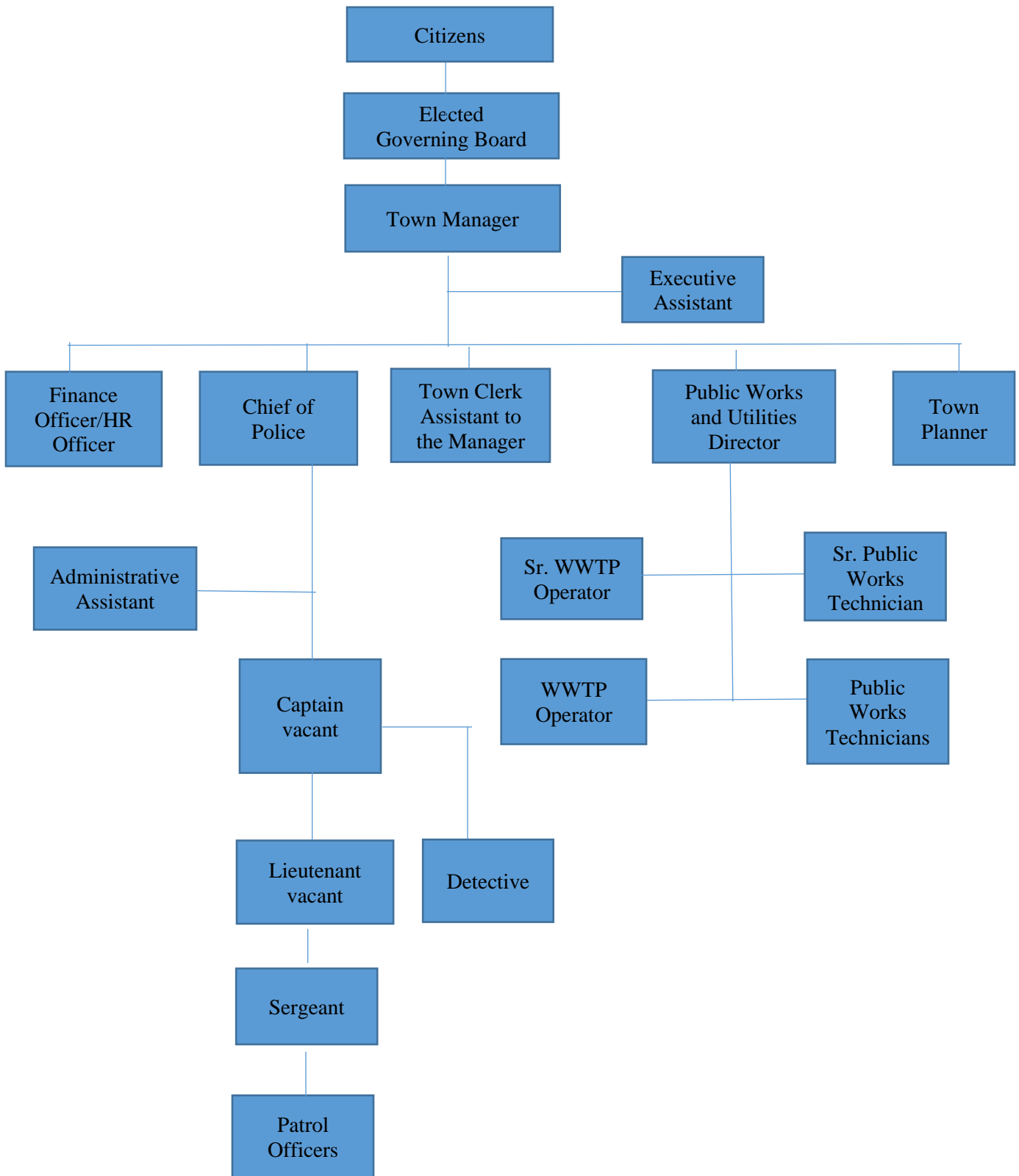
**Alderman:**

Clayton Davis  
Tammy Wight  
Twinkle Patel

**Town Manager:**

Nathan Clark

TOWN OF MAGGIE VALLEY ORGANIZATIONAL CHART







Government Finance Officers Association

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

Presented to

**Town of Maggie Valley  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2019**

*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, 2020, 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, 2020, 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 2, 2020 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 2, 2020

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# **TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

## **Management's Discussion and Analysis**

**June 30, 2020**

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, 2020. 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.

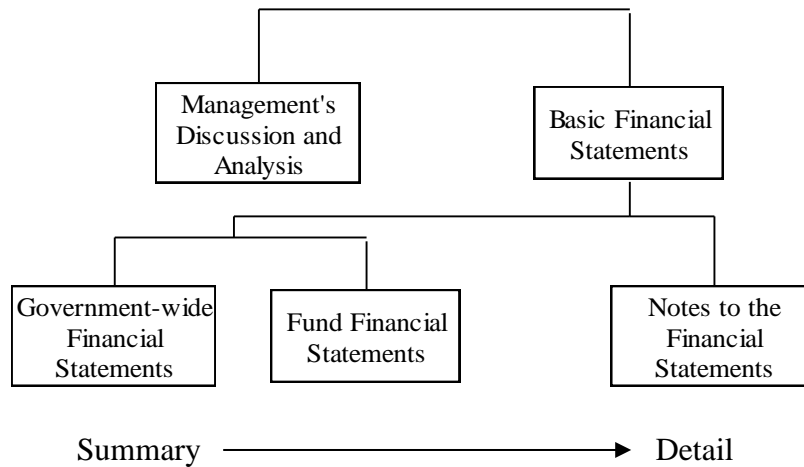
### **Financial Highlights**

- 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 \$16,696,539.
- The government's total net position increased by \$602,605 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 \$3,702,072 with a net change of \$504,582. Approximately 13.03% of this total amount, or \$482,515, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,020,048 or 120.50%, of total General Fund expenditures and transfers out for the fiscal year.
- The Town of Maggie Valley's total debt decreased by \$222,951 (14.60%) during the current fiscal year. The key factor in this decrease was annual retirement of debt and no additional debt.

### **Overview of the Financial Statements**

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

**Required Components of Annual Financial Report**  
**Figure 1**



### **Basic Financial Statements**

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

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

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

### **Government-Wide Financial Statements**

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and federal and state grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the sewer and parks and recreation services offered by the Town of Maggie Valley. The final category is the component unit. Although legally separate from the Town, the Maggie Valley Alcoholic Beverage Control Board is important to the Town because the Town exercises control over the Board by appointing its members, and because the Board is required to distribute its profits to the Town.

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

### **Fund Financial Statements**

The fund financial statements (see Figure 2) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Maggie Valley, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Maggie Valley can be divided into two categories: governmental funds and proprietary funds.

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

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

**Proprietary Funds.** The Town of Maggie Valley has one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Maggie Valley uses enterprise funds to account for its sewer activity. This fund is the same as the function shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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

## Government-Wide Financial Analysis

**The Town of Maggie Valley's Net Position  
June 30, 2020 and 2019  
Figure 2**

|   | <u>Governmental<br/>Activities</u> |                     | <u>Business-Type<br/>Activities</u> |                    | <u>Total</u>        |                      |
|---|------------------------------------|---------------------|-------------------------------------|--------------------|---------------------|----------------------|
|   | <u>2020</u>                        | <u>2019</u>         | <u>2020</u>                         | <u>2019</u>        | <u>2020</u>         | <u>2019</u>          |
| Current and other assets                | \$3,862,533                        | \$3,380,506         | \$2,086,026                         | \$1,942,673        | \$5,948,559         | \$ 5,323,179         |
| Capital assets                          | <u>7,591,841</u>                   | <u>7,595,250</u>    | <u>5,525,907</u>                    | <u>5,654,123</u>   | <u>13,117,748</u>   | <u>13,249,373</u>    |
| Total Assets                            | <u>\$11,454,374</u>                | <u>\$10,975,756</u> | <u>\$7,611,933</u>                  | <u>\$7,596,796</u> | <u>\$19,066,307</u> | <u>\$18,572,552</u>  |
| <b>Deferred outflows of resources</b>   |                                    |                     |                                     |                    |                     |                      |
| Pension Deferral                        | 253,178                            | 291,627             | 50,357                              | 60,049             | 303,535             | 351,676              |
| OPEB Deferral                           | 5,317                              | -                   | 1,329                               | -                  |                     |                      |
| Total deferred outflows of<br>resources | <u>258,495</u>                     | <u>291,627</u>      | <u>51,686</u>                       | <u>60,049</u>      | <u>303,535</u>      | <u>351,676</u>       |
| Long-term liabilities outstanding       | 956,710                            | 911,367             | 1,278,205                           | 1,427,842          | 2,234,915           | 2,339,209            |
| Other liabilities                       | <u>152,121</u>                     | <u>209,760</u>      | <u>223,939</u>                      | <u>198,452</u>     | <u>376,060</u>      | <u>408,212</u>       |
| Total Liabilities                       | <u>1,108,831</u>                   | <u>1,121,127</u>    | <u>1,502,144</u>                    | <u>1,626,294</u>   | <u>2,610,975</u>    | <u>2,747,421</u>     |
| <b>Deferred inflows of resources</b>    |                                    |                     |                                     |                    |                     |                      |
| Pension Deferrals                       | 52,248                             | 62,804              | 1,937                               | 1,651              | 54,185              | 64,455               |
| OPEB Deferrals                          | 11,074                             | 13,087              | 2,768                               | 3,272              | 13,842              | 16,359               |
| Prepaid taxes                           | <u>947</u>                         | <u>2,059</u>        | <u>-</u>                            | <u>-</u>           | <u>947</u>          | <u>2,059</u>         |
| Total deferred inflows<br>of resources  | <u>64,269</u>                      | <u>77,950</u>       | <u>4,705</u>                        | <u>4,923</u>       | <u>68,974</u>       | <u>82,873</u>        |
| <b>Net Position:</b>                    |                                    |                     |                                     |                    |                     |                      |
| Net Investment in capital assets        | 7,591,841                          | 7,535,259           | 4,222,221                           | 4,187,477          | 11,814,062          | 11,722,736           |
| Restricted                              | 453,580                            | 264,677             | -                                   | -                  | 453,580             | 264,677              |
| Unrestricted                            | <u>2,494,348</u>                   | <u>2,268,370</u>    | <u>1,934,549</u>                    | <u>1,838,151</u>   | <u>4,428,897</u>    | <u>4,106,521</u>     |
| Total net position                      | <u>\$10,539,769</u>                | <u>\$10,068,306</u> | <u>\$6,156,770</u>                  | <u>\$6,025,628</u> | <u>\$16,696,539</u> | <u>\$ 16,093,934</u> |

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 \$16,696,539 as of June 30, 2020. The Town's net position increased by \$602,605 for the fiscal year ended June 30, 2020. However, the largest portion (70.76%) 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, \$453,580, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,428,897 is unrestricted.

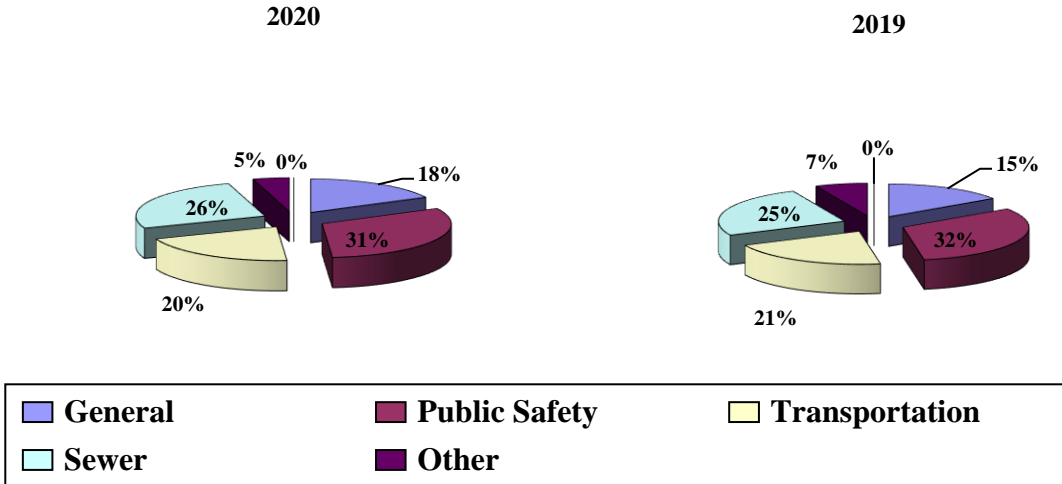
Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Maintained a 97.38% collection rate in property tax. An increase of .89%
- Local Option Sales Tax increased \$22,758 from the prior year.
- Proceeds from Sale of disposed assets of \$40,750
- No new debt issued

**Town of Maggie Valley Changes in Net Position  
For the Years Ended June 30, 2020 and 2019  
Figure 3**

|  | Governmental<br>Activities |                      | Business-Type<br>Activities |                     | Total                |                      |
|--|----------------------------|----------------------|-----------------------------|---------------------|----------------------|----------------------|
|  | <u>2020</u>                | <u>2019</u>          | <u>2020</u>                 | <u>2019</u>         | <u>2020</u>          | <u>2019</u>          |
| <b>Revenues:</b>   |                            |                      |                             |                     |                      |                      |
| Program revenues:  |                            |                      |                             |                     |                      |                      |
| Charges for services   | \$ 130,499                 | \$ 137,579           | \$ 984,139                  | \$ 953,507          | \$ 1,114,638         | \$ 1,091,086         |
| Operating grants and contributions                               | 241,030                    | 132,706              | -                           | 2,740               | 241,030              | 135,446              |
| General revenues:  |                            |                      |                             |                     |                      |                      |
| Property taxes   | 1,768,387                  | 1,729,567            | -                           | -                   | 1,768,387            | 1,729,567            |
| Other taxes  | 697,004                    | 677,423              | -                           | -                   | 697,004              | 677,423              |
| Grants and contributions, not<br>restricted to specific programs | 31,737                     | 31,361               | -                           | -                   | 31,737               | 31,361               |
| Other  | 99,944                     | 64,330               | 40,149                      | 19,481              | 140,093              | 83,811               |
| Total revenues   | <u>2,968,601</u>           | <u>2,772,966</u>     | <u>1,024,288</u>            | <u>975,728</u>      | <u>3,992,889</u>     | <u>3,748,694</u>     |
| <b>Expenses:</b>   |                            |                      |                             |                     |                      |                      |
| General government   | 592,437                    | 504,337              | -                           | -                   | 592,437              | 504,337              |
| Public safety  | 1,059,402                  | 1,030,929            | -                           | -                   | 1,059,402            | 1,030,929            |
| Transportation   | 691,168                    | 671,251              | -                           | -                   | 691,168              | 671,251              |
| Parks and recreation   | 152,938                    | 212,816              | -                           | -                   | 152,938              | 212,816              |
| Interest on long-term debt                                       | 1,193                      | 5,143                | -                           | -                   | 1,193                | 5,143                |
| Sewer Fund   | -                          | -                    | 893,146                     | 821,726             | 893,146              | 821,726              |
| Total expenses   | <u>2,497,138</u>           | <u>2,424,476</u>     | <u>893,146</u>              | <u>821,726</u>      | <u>3,390,284</u>     | <u>3,246,202</u>     |
| Change in net position   | 471,463                    | 348,490              | 131,142                     | 154,002             | 602,605              | 502,492              |
| <b>Net Position:</b>   |                            |                      |                             |                     |                      |                      |
| Beginning of year  | <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>    |
| End of year - June 30  | <u>\$ 10,539,769</u>       | <u>\$ 10,068,306</u> | <u>\$ 6,156,770</u>         | <u>\$ 6,025,628</u> | <u>\$ 16,696,539</u> | <u>\$ 16,093,934</u> |

**Government-Wide Expenses**  
**Figure 4**



**Government-Wide Revenues**  
**Figure 5**





**Governmental Activities.** Governmental activities increased the Town's net position by \$471,463 thereby accounting for 78.24% of the total growth in the net position of the Town of Maggie Valley. Key elements of this increase are as follows:

- Increase in local sales tax by \$22,758 or 5.51%
- Increase in property tax by \$38,820 or 2.24%
- Received \$58,145 CARES Act Coronavirus Relief Funding for public safety
- Proceeds from sale of disposed assets of \$39,563

**Business-Type Activities.** Business-type activities increased the Town of Maggie Valley's net position by \$131,142, accounting for 21.76% 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 \$30,632 or 3.11%
- Investment earnings increased by \$11,168 or 36.44%
- Proceeds from sale of disposed assets of \$9,500

### 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 \$3,343,441, while total fund balance reached \$3,702,072. The Town currently has available fund balance of 134.51 % of general fund expenditures and transfers out, while total fund balance represents 148.93% of the same amount.

At June 30, 2020, the governmental funds of the Town of Maggie Valley reported a combined fund balance of \$3,702,072 with a net increase in fund balance of \$504,582. 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 \$112,608. The majority of the increase is due to the purchase of new winter lighting display, enhancements to the festival grounds and road improvements to non-Powell Bill roads.

**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 \$1,934,549. The total change in net position for the Sewer Fund was \$131,142. 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, 2020, totals \$13,117,748 (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:

- Purchased a Ferris Mower \$9,199
- Upgraded Town Hall Server \$11,070
- Upgraded Acoustics at the Wade L. Reece Memorial Stage \$27,098
- Upgraded entry way to the Festival Grounds \$11,985
- Purchase of a 2019 Dodge Charger \$25,104
- Purchase of a 2019 Dodge Charger \$25,129
- Purchase of a 2020 F350 \$44,806
- Purchase of a Winterwoods Light Display \$35,342
- Purchase of a 2019 Johndeer Backhoe \$104,300
- Disposed of a 1997 Backhoe with an original cost of \$58,205
- Disposed of a 2006 F350 with an original cost of \$27,425
- Disposed of a Z Turn Mower with an original cost of \$6,249
- Disposed of a 2014 Ford Explorer with an original price of \$26,929
- Disposed of a 2014 Dodge Charger with an original price of \$25,449

**Town of Maggie Valley's Capital Assets**  
**(Net of depreciation)**  
**June 30, 2020 and 2019**  
**Figure 6**

|                                   | <u>Governmental</u><br><u>Activities</u> |                     | <u>Business-Type</u><br><u>Activities</u> |                     | <u>Total</u>         |                      |
|-----------------------------------|--|---------------------|---|---------------------|----------------------|----------------------|
|                                   | <u>2020</u>                              | <u>2019</u>         | <u>2020</u>                               | <u>2019</u>         | <u>2020</u>          | <u>2019</u>          |
| Land                              | \$ 2,173,161                             | \$ 2,173,161        | \$ 125,250                                | \$ 125,250          | \$ 2,298,411         | \$ 2,298,411         |
| Construction in Progress          | 71,167                                   | -                   | 22,542                                    | -                   | 93,709               | -                    |
| Buildings and systems             | 3,230,272                                | 3,230,272           | 8,234,496                                 | 8,263,598           | 11,464,768           | 11,493,870           |
| Improvements other than buildings | 283,755                                  | 244,762             | 139,780                                   | 139,780             | 423,535              | 384,542              |
| Machinery and equipment           | 766,517                                  | 681,069             | 245,689                                   | 206,578             | 1,012,206            | 887,647              |
| Infrastructure                    | 4,214,374                                | 4,214,374           | -   | -                   | 4,214,374            | 4,214,374            |
| Vehicles                          | 592,940                                  | 577,706             | 75,296                                    | 75,296              | 668,236              | 653,002              |
| Total                             | 11,332,186                               | 11,121,344          | 8,843,053                                 | 8,810,502           | 20,175,239           | 19,931,846           |
| Accumulated depreciation          | (3,740,345)                              | (3,526,094)         | (3,317,146)                               | (3,156,379)         | (7,057,491)          | (6,682,473)          |
| Capital assets, net               | <u>\$ 7,591,841</u>                      | <u>\$ 7,595,250</u> | <u>\$ 5,525,907</u>                       | <u>\$ 5,654,123</u> | <u>\$ 13,117,748</u> | <u>\$ 13,249,373</u> |

Additional information on the Town's capital assets can be found on pages 38-41 in the notes to the financial statements.

**Long-Term Debt.** As of June 30, 2020, the Town of Maggie Valley had no bonded debt outstanding.

**Town of Maggie Valley's Outstanding Debt**  
**June 30, 2020 and 2019**

**Figure 7**

|                                | <u>Governmental</u><br><u>Activities</u> |             | <u>Business-Type</u><br><u>Activities</u> |              | <u>Total</u> |              |
|--------------------------------|--|-------------|---|--------------|--------------|--------------|
|                                | <u>2020</u>                              | <u>2019</u> | <u>2020</u>                               | <u>2019</u>  | <u>2020</u>  | <u>2019</u>  |
| Installment purchase contracts | \$ -                                     | \$ 59,991   | \$ 1,303,686                              | \$ 1,466,646 | \$ 1,303,686 | \$ 1,526,637 |

The Town of Maggie Valley's total debt decreased by \$222,951 during the past fiscal year, primarily due to the \$222,951 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 \$32,972,990.

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

## Economic Factors and Next Year's Budgets and Rates

- For FY20-21 the Town of Maggie Valley's tax rate is once approved at \$0.43- this is the lowest municipal tax rate in Haywood County. The approved fiscal year general fund budget is \$2,628,643 which is an 11.28% decrease from the previous year. Based upon the Town's estimated tax value of \$394,984,584 combined with a tax collection rate of 94% will yield \$1,596,528 in property tax revenue. Fundamentally each "penny" on the tax rate equals \$37,129 The approved budget maintains a fund balance in excess of 100% while the Town operates its general fund "debt free." The budget was created factoring in the economic uncertainties produced by COVID 19- specifically in regards to reduction in expenditures tax collection rate and sale tax collections versus previous fiscal year.
- 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- this project has been placed on hold due to COVID. 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 assist in meaningful economic development the Board of Aldermen adopted an economic development tax incentive plan in late 2019.
- 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 \$240,000. It is the Town's goal to place at least an additional \$120,000 in this fund during FY21-22. This project has been placed on an administrative hold by NCDOT due to state budget issues.

- As previously mentioned, the economic uncertainties associated with COVID-19 will play a major role in the creation of the FY21-22 Budget. Some short-term assumptions made when creating the FY20-21 have proven to be incorrect such as sharp sales tax revenue declines; however, a cautious budgetary strategy will be used again in creating next year's budget. Another factor that will impact the budget and tax rate for FY21-22 is Haywood County's property reevaluation-preliminary numbers suggest across the board property values countywide have increased by 20-30%. Maggie Valley has lost value as a result of the past two property revaluations which has forced the town to adjust its tax rate accordingly; at this time, it is not known how the revaluation will affect Maggie Valley specifically.

### **Budget Highlights for the Fiscal Year Ending June 30, 2021**

**Governmental Activities.** The 2020-2021 budgeted expenditures in the General Fund are expected to decrease by 10.09% from the prior year. The Town will use fund balance to finance the major purchases included in the budget. The decrease is for an anticipated revenue shortfall with Local Option Sales Tax reimbursement from the state as well as a decrease in property tax collections due to COVID 19.

The major budgeted expenditures include converting an empty office into a file room, purchase a new K-9 Officer, lawn mower and dump truck as well as allocating funds additional funds for economic development, non-Powell Bill street maintenance and participating in a countywide wayfinding program. The approximate amount of fund balance to be used is \$123,968.

**Business-Type Activities.** The Sewer Fund is expected to decrease 6.35%. Sewer fees for 2020 – 2021 will remain at the same rate. The Sewer Fund decrease is for anticipated revenue shortfall in sewer user fees due to COVID 19. 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](http://www.maggievalleync.gov) or send an email to [swheeler@maggievalleync.gov](mailto: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, 2020

|   | Primary Government         |                             |                      | Town of<br>Maggie Valley<br>ABC Board |
|---|----------------------------|-----------------------------|----------------------|---------------------------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |                                       |
| <b>Assets:</b>                              |                            |                             |                      |                                       |
| Current assets:                             |                            |                             |                      |                                       |
| Cash and cash equivalents                   | \$ 1,095,479               | \$ 1,155,913                | \$ 2,251,392         | \$ 448,824                            |
| Investments                                 | 2,337,589                  | 794,663                     | 3,132,252            | -                                     |
| Taxes receivable, net                       | 56,422                     | -                           | 56,422               | -                                     |
| Accounts receivable, net                    | 198,134                    | 133,855                     | 331,989              | 97                                    |
| Prepays                                     | 28,935                     | 1,595                       | 30,530               | 15,717                                |
| Inventories                                 | -                          | -                           | -                    | 447,511                               |
| Restricted cash                             | 145,974                    | -                           | 145,974              | -                                     |
| Total current assets                        | <u>3,862,533</u>           | <u>2,086,026</u>            | <u>5,948,559</u>     | <u>912,149</u>                        |
| Non-current assets:                         |                            |                             |                      |                                       |
| Capital assets:                             |                            |                             |                      |                                       |
| Land and construction in progress           | 2,244,328                  | 147,792                     | 2,392,120            | 496,150                               |
| Other capital assets, net of depreciation   | <u>5,347,513</u>           | <u>5,378,115</u>            | <u>10,725,628</u>    | <u>677,450</u>                        |
| Total capital assets                        | <u>7,591,841</u>           | <u>5,525,907</u>            | <u>13,117,748</u>    | <u>1,173,600</u>                      |
| Total assets                                | <u>11,454,374</u>          | <u>7,611,933</u>            | <u>19,066,307</u>    | <u>2,085,749</u>                      |
| <b>Deferred Outflows of Resources:</b>      |                            |                             |                      |                                       |
| Pension deferrals                           | 253,178                    | 50,357                      | 303,535              | 62,898                                |
| OPEB deferrals                              | <u>5,317</u>               | <u>1,329</u>                | <u>6,646</u>         | <u>-</u>                              |
| Total deferred outflows of resources        | <u>258,495</u>             | <u>51,686</u>               | <u>310,181</u>       | <u>62,898</u>                         |
| <b>Liabilities:</b>                         |                            |                             |                      |                                       |
| Current liabilities:                        |                            |                             |                      |                                       |
| Accounts payable and accrued liabilities    | 79,033                     | 44,157                      | 123,190              | 60,493                                |
| Liabilities payable from restricted assets: |                            |                             |                      |                                       |
| Security deposit                            | 22,090                     | -                           | 22,090               | -                                     |
| Accrued interest payable                    | -                          | -                           | -                    | 5,989                                 |
| Long-term liabilities due within one year   | <u>50,998</u>              | <u>179,782</u>              | <u>230,780</u>       | <u>56,409</u>                         |
| Total current liabilities                   | <u>152,121</u>             | <u>223,939</u>              | <u>376,060</u>       | <u>122,891</u>                        |
| Long-term liabilities:                      |                            |                             |                      |                                       |
| Net pension liability LGERS                 | 325,089                    | 81,272                      | 406,361              | 75,100                                |
| Total pension liability - LEOSA             | 441,720                    | -                           | 441,720              | -                                     |
| Total OPEB liability                        | 166,504                    | 41,625                      | 208,129              | -                                     |
| Due in more than one year                   | <u>23,397</u>              | <u>1,155,308</u>            | <u>1,178,705</u>     | <u>178,954</u>                        |
| Total long-term liabilities                 | <u>956,710</u>             | <u>1,278,205</u>            | <u>2,234,915</u>     | <u>254,054</u>                        |
| Total liabilities                           | <u>1,108,831</u>           | <u>1,502,144</u>            | <u>2,610,975</u>     | <u>376,945</u>                        |
| <b>Deferred Inflows of Resources:</b>       |                            |                             |                      |                                       |
| Pension deferrals                           | 52,248                     | 1,937                       | 54,185               | 113                                   |
| OPEB deferrals                              | 11,074                     | 2,768                       | 13,842               | -                                     |
| Prepaid taxes                               | <u>947</u>                 | <u>-</u>                    | <u>947</u>           | <u>-</u>                              |
| Total deferred inflows of resources         | <u>64,269</u>              | <u>4,705</u>                | <u>68,974</u>        | <u>113</u>                            |
| <b>Net Position:</b>                        |                            |                             |                      |                                       |
| Net investment in capital assets            | 7,591,841                  | 4,222,221                   | 11,814,062           | 948,435                               |
| Restricted for:                             |                            |                             |                      |                                       |
| Stabilization by state statute              | 329,696                    | -                           | 329,696              | -                                     |
| Working capital                             | -                          | -                           | -                    | 88,056                                |
| Streets                                     | 123,884                    | -                           | 123,884              | -                                     |
| Unrestricted                                | <u>2,494,348</u>           | <u>1,934,549</u>            | <u>4,428,897</u>     | <u>735,098</u>                        |
| Total net position                          | <u>\$ 10,539,769</u>       | <u>\$ 6,156,770</u>         | <u>\$ 16,696,539</u> | <u>\$ 1,771,589</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, 2020**

|                                  | <u>Program Revenues</u> |                                 |   |   |
|----------------------------------|-------------------------|---------------------------------|---|---|
|                                  | <u>Expenses</u>         | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> |
| <b>Functions/Programs</b>        |                         |                                 |   |   |
| <b>Primary Government:</b>       |                         |                                 |   |   |
| <b>Governmental Activities:</b>  |                         |                                 |   |   |
| General government               | \$ 592,437              | \$ 1,420                        | \$ 133,783  | \$ -  |
| Public safety                    | 1,059,402               | 24,463                          | 68,592  | -   |
| Transportation                   | 691,168                 | 85,896                          | 38,655  | -   |
| Parks and recreation             | 152,938                 | 18,720                          | -   | -   |
| Interest on long-term debt       | 1,193                   | -                               | -   | -   |
| Total governmental activities    | <u>2,497,138</u>        | <u>130,499</u>                  | <u>241,030</u>                                    | <u>-</u>  |
| <b>Business-Type Activities:</b> |                         |                                 |   |   |
| Sewer                            | 893,146                 | 984,139                         | -   | -   |
| Total primary government         | <u>\$ 3,390,284</u>     | <u>\$ 1,114,638</u>             | <u>\$ 241,030</u>                                 | <u>\$ -</u>                                     |
| <b>Component Unit:</b>           |                         |                                 |   |   |
| ABC Board                        | <u>\$ 551,693</u>       | <u>\$ 724,414</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, 2020

|   | Net (Expense) Revenue and Changes in Net Position |                             |                      |                                       |
|---|---|-----------------------------|----------------------|---------------------------------------|
|   | Primary Government                                |                             |                      | Component Unit                        |
|   | Governmental<br>Activities                        | Business-Type<br>Activities | Total                | Town of<br>Maggie Valley<br>ABC Board |
| <b>Functions/Programs</b>               |   |                             |                      |                                       |
| <b>Primary Government:</b>              |   |                             |                      |                                       |
| <b>Governmental Activities:</b>         |   |                             |                      |                                       |
| General government                      | \$ (457,234)                                      | \$ -                        | \$ (457,234)         |                                       |
| Public safety                           | (966,347)   | -                           | (966,347)            |                                       |
| Transportation                          | (566,617)   | -                           | (566,617)            |                                       |
| Parks and recreation                    | (134,218)   | -                           | (134,218)            |                                       |
| Interest on long-term debt              | (1,193)   | -                           | (1,193)              |                                       |
| Total governmental activities           | <u>(2,125,609)</u>                                | <u>-</u>                    | <u>(2,125,609)</u>   |                                       |
| <b>Business-Type Activities:</b>        |   |                             |                      |                                       |
| Sewer                                   | -   | 90,993                      | 90,993               |                                       |
| Total primary government                | <u>(2,125,609)</u>                                | <u>90,993</u>               | <u>(2,034,616)</u>   |                                       |
| <b>Component Unit:</b>                  |   |                             |                      |                                       |
| ABC Board                               |   |                             |                      | <u>\$ 172,721</u>                     |
| <b>General Revenues:</b>                |   |                             |                      |                                       |
| <b>Taxes:</b>                           |   |                             |                      |                                       |
| Property taxes                          | 1,768,387   | -                           | 1,768,387            | -                                     |
| Local option sales tax                  | 435,486   | -                           | 435,486              | -                                     |
| Special assessment                      | 7,846   | -                           | 7,846                | -                                     |
| Licenses                                | 450   | -                           | 450                  | -                                     |
| Franchise tax                           | 207,420   | -                           | 207,420              | -                                     |
| Occupancy tax                           | 53,000  | -                           | 53,000               | -                                     |
| Disposal tax                            | 1,098   | -                           | 1,098                | -                                     |
| Unrestricted intergovernmental revenues | 31,737  | -                           | 31,737               | -                                     |
| Unrestricted investment earnings        | 52,085  | 30,649                      | 82,734               | -                                     |
| Gain on disposal                        | 39,563  | 9,500                       | 49,063               | -                                     |
| Total general revenues                  | <u>2,597,072</u>                                  | <u>40,149</u>               | <u>2,637,221</u>     | <u>-</u>                              |
| Change in net position                  | 471,463   | 131,142                     | 602,605              | 172,721                               |
| <b>Net Position:</b>                    |   |                             |                      |                                       |
| Beginning of year - July 1              | <u>10,068,306</u>                                 | <u>6,025,628</u>            | <u>16,093,934</u>    | <u>1,598,868</u>                      |
| End of year - June 30                   | <u>\$ 10,539,769</u>                              | <u>\$ 6,156,770</u>         | <u>\$ 16,696,539</u> | <u>\$ 1,771,589</u>                   |

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

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020**

|   | <b>Major Funds</b>      |   |              |
|---|-------------------------|---|--------------|
|   | <b>General<br/>Fund</b> | <b>General<br/>Capital Project<br/>Fund</b> | <b>Total</b> |
| <b>Assets:</b>  |                         |   |              |
| Cash and cash equivalents   | \$ 1,095,479            | \$ -  | \$ 1,095,479 |
| Restricted cash   | 145,974                 | -   | 145,974      |
| Investments   | 2,337,589               | -   | 2,337,589    |
| Receivables, net:   |                         |   |              |
| Taxes   | 56,422                  | -   | 56,422       |
| Governmental  | 198,134                 | -   | 198,134      |
| Prepays   | 28,935                  | -   | 28,935       |
| Total assets  | \$ 3,862,533            | \$ -  | \$ 3,862,533 |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balances:</b> |                         |   |              |
| <b>Liabilities:</b>   |                         |   |              |
| Accounts payable and accrued liabilities                                  | \$ 79,033               | \$ -  | \$ 79,033    |
| Liabilities payable from restricted assets:                               |                         |   |              |
| Security deposit  | 22,090                  | -   | 22,090       |
| Total liabilities   | 101,123                 | -   | 101,123      |
| <b>Deferred Inflows of Resources:</b>                                     |                         |   |              |
| Property taxes receivable   | 56,422                  | -   | 56,422       |
| Special assessment receivable   | 1,969                   | -   | 1,969        |
| Prepaid taxes   | 947                     | -   | 947          |
| Total deferred inflows of resources                                       | 59,338                  | -   | 59,338       |
| <b>Fund Balances:</b>   |                         |   |              |
| Non-spendable:  |                         |   |              |
| Prepays   | 28,935                  | -   | 28,935       |
| Restricted:   |                         |   |              |
| Stabilization by state statute  | 329,696                 | -   | 329,696      |
| Streets   | 123,884                 | -   | 123,884      |
| Committed   | 126,957                 | -   | 126,957      |
| Assigned  | 72,552                  | -   | 72,552       |
| Unassigned  | 3,020,048               | -   | 3,020,048    |
| Total fund balances   | 3,702,072               | -   | 3,702,072    |
| Total liabilities, deferred inflows of resources,<br>and fund balances    | \$ 3,862,533            | \$ -  | \$ 3,862,533 |

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

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020**

|   | <u><b>Total</b></u>  |
|---|----------------------|
| Total fund balances   | \$ 3,702,072         |
| Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:  |                      |
| Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.   | 7,591,841            |
| Net pension liability - LGERS   | (325,089)            |
| Total pension liability - LEOSSA  | (441,720)            |
| Total OPEB liability  | (166,504)            |
| Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.   | (74,395)             |
| Deferred outflows of resources related to pensions are not reported in the funds.   | 253,178              |
| Deferred outflows of resources related to OPEB are not reported in the funds.   | 5,317                |
| 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. | 58,391               |
| Deferred inflows of resources related to pensions are not reported in the funds.  | (52,248)             |
| Deferred inflows of resources related to OPEB are not reported in the funds.  | <u>(11,074)</u>      |
| Net position of governmental activities per Exhibit A   | <u>\$ 10,539,769</u> |

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

## TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

|  | <u>Major Funds</u>      |   | <u>Total</u>        |
|--|-------------------------|---|---------------------|
|  | <u>General<br/>Fund</u> | <u>General<br/>Capital Project<br/>Fund</u> |                     |
| <b>Revenues:</b>                         |                         |   |                     |
| Ad valorem taxes                         | \$ 1,788,885            | \$ -  | \$ 1,788,885        |
| Other taxes and licenses                 | 705,300                 | -   | 705,300             |
| Unrestricted intergovernmental revenues  | 31,737                  | -   | 31,737              |
| Restricted intergovernmental revenues    | 107,247                 | -   | 107,247             |
| Permits and fees                         | 24,463                  | -   | 24,463              |
| Sales and services                       | 106,036                 | -   | 106,036             |
| Interest earned on investments           | 52,085                  | -   | 52,085              |
| Miscellaneous                            | 133,783                 | -   | 133,783             |
| Total revenues                           | <u>2,949,536</u>        | <u>-</u>                                    | <u>2,949,536</u>    |
| <b>Expenditures:</b>                     |                         |   |                     |
| Current:                                 |                         |   |                     |
| General government                       | 615,400                 | -   | 615,400             |
| Public safety                            | 998,720                 | -   | 998,720             |
| Transportation                           | 675,855                 | -   | 675,855             |
| Parks and recreation                     | 134,545                 | -   | 134,545             |
| Debt service:                            |                         |   |                     |
| Principal                                | 59,991                  | -   | 59,991              |
| Interest                                 | 1,193                   | -   | 1,193               |
| Total expenditures                       | <u>2,485,704</u>        | <u>-</u>                                    | <u>2,485,704</u>    |
| Revenues over (under) expenditures       | <u>463,832</u>          | <u>-</u>                                    | <u>463,832</u>      |
| <b>Other Financing Sources (Uses):</b>   |                         |   |                     |
| Proceeds from the sale of capital assets | 40,750                  | -   | 40,750              |
| Transfers from other funds:              |                         |   |                     |
| Capital project funds                    | 4,546                   | -   | 4,546               |
| Transfers to other funds:                |                         |   |                     |
| General Fund                             | -                       | (4,546)                                     | (4,546)             |
| Total other financing sources (uses)     | <u>45,296</u>           | <u>(4,546)</u>                              | <u>40,750</u>       |
| Net change in fund balances              | 509,128                 | (4,546)                                     | 504,582             |
| <b>Fund Balances:</b>                    |                         |   |                     |
| Beginning of year - July 1               | <u>3,192,944</u>        | <u>4,546</u>                                | <u>3,197,490</u>    |
| End of year - June 30                    | <u>\$ 3,702,072</u>     | <u>\$ -</u>                                 | <u>\$ 3,702,072</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, 2020**

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

Net change in fund balances - total governmental funds (Exhibit D) \$ 504,582

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 (20,498)

In the Statement of Activities, only the gain or loss on disposal of capital assets is reported, whereas, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed of. (1,187)

OPEB plan expense (12,602)

Pension expense - LGERS (59,822)

Pension expense - LEOSSA 7,569

Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement. (4,348)

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. 325,996

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. (328,218)

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. 59,991

Change in net position of governmental activities per Exhibit B \$ 471,463

*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, 2020**

|  | Budgeted Amounts |                  | Actual<br>Amounts   | Variance with<br>Final Budget<br>Over/Under |
|--|------------------|------------------|---------------------|---|
|  | Original         | Final            |                     |   |
| <b>Revenues:</b>                         |                  |                  |                     |   |
| Ad valorem taxes                         | \$ 1,740,667     | \$ 1,740,667     | \$ 1,788,885        | \$ 48,218                                   |
| Other taxes and licenses                 | 668,698          | 693,698          | 705,300             | 11,602                                      |
| Unrestricted intergovernmental           | 15,172           | 15,172           | 31,737              | 16,565                                      |
| Restricted intergovernmental             | 91,287           | 94,758           | 107,247             | 12,489                                      |
| Permits and fees                         | 14,800           | 14,800           | 24,463              | 9,663                                       |
| Sales and services                       | 122,515          | 122,515          | 106,036             | (16,479)                                    |
| Interest earned on investments           | 21,800           | 21,800           | 52,085              | 30,285                                      |
| Miscellaneous                            | 29,290           | 29,290           | 133,783             | 104,493                                     |
| Total revenues                           | <u>2,704,229</u> | <u>2,732,700</u> | <u>2,949,536</u>    | <u>216,836</u>                              |
| <b>Expenditures:</b>                     |                  |                  |                     |   |
| Current:                                 |                  |                  |                     |   |
| General government                       | 678,553          | 733,843          | 615,400             | 118,443                                     |
| Public safety                            | 1,212,316        | 1,215,627        | 998,720             | 216,907                                     |
| Transportation                           | 771,490          | 814,337          | 675,855             | 138,482                                     |
| Parks and recreation                     | 183,567          | 194,727          | 134,545             | 60,182                                      |
| Debt service:                            |                  |                  |                     |   |
| Principal                                | 59,991           | 59,991           | 59,991              | -   |
| Interest                                 | 1,194            | 1,194            | 1,193               | 1   |
| Total expenditures                       | <u>2,907,111</u> | <u>3,019,719</u> | <u>2,485,704</u>    | <u>534,015</u>                              |
| Revenues over (under) expenditures       | <u>(202,882)</u> | <u>(287,019)</u> | <u>463,832</u>      | <u>750,851</u>                              |
| <b>Other Financing Sources (Uses):</b>   |                  |                  |                     |   |
| Appropriated fund balance                | 165,331          | 249,468          | -                   | (249,468)                                   |
| Proceeds from the sale of capital assets | 37,551           | 37,551           | 40,750              | 3,199                                       |
| Transfers (to) from other funds:         |                  |                  |                     |   |
| Capital project funds                    | -                | -                | 4,546               | 4,546                                       |
| Total other financing sources (uses)     | <u>202,882</u>   | <u>287,019</u>   | <u>45,296</u>       | <u>(241,723)</u>                            |
| Net change in fund balance               | <u>\$ -</u>      | <u>\$ -</u>      | 509,128             | <u>\$ 509,128</u>                           |
| <b>Fund Balance:</b>                     |                  |                  |                     |   |
| Beginning of year - July 1               |                  |                  | <u>3,192,944</u>    |   |
| End of year - June 30                    |                  |                  | <u>\$ 3,702,072</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, 2020

|   | <u>Major Fund</u><br><u>Sewer Fund</u> |
|---|--|
| <b>Assets:</b>                                    |  |
| Current assets:                                   |  |
| Cash and cash equivalents                         | \$ 1,155,913                           |
| Investments                                       | 794,663                                |
| Accounts receivable, net                          | 133,855                                |
| Prepays   | <u>1,595</u>                           |
| Total current assets                              | <u>2,086,026</u>                       |
| Non-current assets:                               |  |
| Land and other non-depreciable assets             | 147,792                                |
| Other capital assets, net of depreciation         | <u>5,378,115</u>                       |
| Total capital assets, net                         | <u>5,525,907</u>                       |
| Total non-current assets                          | <u>5,525,907</u>                       |
| Total assets                                      | <u>7,611,933</u>                       |
| <b>Deferred Outflows of Resources:</b>            |  |
| OPEB deferrals                                    | 1,329                                  |
| Pension deferrals                                 | <u>50,357</u>                          |
| Total deferred outflows of resources              | <u>51,686</u>                          |
| <b>Liabilities:</b>                               |  |
| Current liabilities:                              |  |
| Accounts payable and accrued liabilities          | 44,157                                 |
| Current portion of installment purchase contracts | 162,960                                |
| Current portion of compensated absences payable   | <u>16,822</u>                          |
| Total current liabilities                         | <u>223,939</u>                         |
| Non-current liabilities:                          |  |
| Installment purchase contracts payable            | 1,140,726                              |
| Compensated absences payable                      | 14,582                                 |
| Net pension liability                             | 81,272                                 |
| Total OPEB liability                              | <u>41,625</u>                          |
| Total non-current liabilities                     | <u>1,278,205</u>                       |
| Total liabilities                                 | <u>1,502,144</u>                       |
| <b>Deferred Inflows of Resources:</b>             |  |
| OPEB deferrals                                    | 2,768                                  |
| Pension deferrals                                 | <u>1,937</u>                           |
| Total deferred inflows of resources               | <u>4,705</u>                           |
| <b>Net Position:</b>                              |  |
| Net investment in capital assets                  | 4,222,221                              |
| Unrestricted                                      | <u>1,934,549</u>                       |
| Total net position                                | <u>\$ 6,156,770</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, 2020**

|   | <u>Major Fund</u><br><u>Sewer Fund</u> |
|---|--|
| <b>Operating Revenues:</b>                |  |
| Charges for services                      | \$ 978,566                             |
| <b>Operating Expenses:</b>                |  |
| Administration                            | 339,216                                |
| Waste collection and treatment            | 333,260                                |
| Depreciation                              | 189,870                                |
| Total operating expenses                  | <u>862,346</u>                         |
| Operating income (loss)                   | <u>116,220</u>                         |
| <b>Non-Operating Revenues (Expenses):</b> |  |
| Interest earned on investments            | 30,649                                 |
| Gain (loss) on sale of assets             | 9,500                                  |
| Miscellaneous                             | 5,573                                  |
| Interest expense                          | <u>(30,800)</u>                        |
| Total non-operating revenues (expenses)   | <u>14,922</u>                          |
| Change in net position                    | 131,142                                |
| <b>Net Position:</b>                      |  |
| Beginning of year - July 1                | <u>6,025,628</u>                       |
| End of year - June 30                     | <u>\$ 6,156,770</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, 2020

|   | <u>Major Fund</u><br><u>Sewer Fund</u> |
|---|--|
| <b>Cash Flows from Operating Activities:</b>  |  |
| Cash received from customers  | \$ 997,622                             |
| Cash paid for goods and services  | (307,768)                              |
| Cash paid to employees for services   | (317,748)                              |
| Other operating revenues  | <u>5,573</u>                           |
| Net cash provided (used) by operating activities  | <u>377,679</u>                         |
| <b>Cash Flows from Capital and Related Financing Activities:</b>                                      |  |
| Acquisition and construction of capital assets  | (61,654)                               |
| Proceeds from sale of assets  | 9,500                                  |
| Principal paid on installment purchase contracts  | (162,960)                              |
| Interest paid on debt   | <u>(30,800)</u>                        |
| Net cash provided (used) for capital and related financing activities                                 | <u>(245,914)</u>                       |
| <b>Cash Flows from Investing Activities:</b>  |  |
| Interest on investments   | <u>30,649</u>                          |
| Net cash (provided) used by investing activities  | <u>30,649</u>                          |
| Net increase (decrease) in cash and cash equivalents  | 162,414                                |
| Cash and cash equivalents - July 1  | <u>1,788,162</u>                       |
| Cash and cash equivalents - June 30   | <u>\$ 1,950,576</u>                    |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b> |  |
| Operating income (loss)   | \$ 116,220                             |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |  |
| Depreciation  | 189,870                                |
| Non-operating revenue   | 5,573                                  |
| Changes in assets and liabilities:  |  |
| (Increase) decrease in accounts receivable  | 19,056                                 |
| (Increase) decrease in prepaid items  | 5                                      |
| Increase (decrease) in deferred outflows of resources for OPEB  | (1,329)                                |
| (Increase) decrease in deferred outflows of resources for pensions                                    | 9,692                                  |
| Increase (decrease) in deferred inflows of resources for pensions                                     | 286                                    |
| Increase (decrease) in deferred inflows of resources for OPEB   | (504)                                  |
| Increase (decrease) in net pension liability  | 4,978                                  |
| Increase (decrease) in trade accounts payable and accrued liabilities                                 | 28,849                                 |
| Increase (decrease) in other post-employment benefits   | <u>4,983</u>                           |
| Net cash provided (used) by operating activities  | <u>\$ 377,679</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, 2020

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

The Town is a municipal corporation that is governed by an elected Mayor and a four-member Board of Aldermen. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town’s financial statements in order to emphasize that it is legally separate from the Town.

##### **Town of Maggie Valley ABC Board**

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

#### B. Basis of Presentation

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

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

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

*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, 2020

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, 2020

### **D. Use of Estimates**

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

### **E. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the enterprise funds. All annual appropriations lapse at fiscal year-end. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

### **F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity**

#### **Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

The Town's and the ABC Board's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT - Government Portfolio, an SEC-registered (2a-7) government money market fund is measured at fair value. The NCCMT - Term Portfolio's is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.



# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Cash and Cash Equivalents

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

### Restricted Cash

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

Restricted cash at June 30, 2020 consists of the following:

#### Governmental Activities:

| General Fund:                           |                          |
|---|--------------------------|
| Transportation - streets                | \$ 123,884               |
| Public safety - security deposit        | 5,000                    |
| Parks and recreation - security deposit | <u>17,090</u>            |
| <b>Total governmental activities</b>    | <u>145,974</u>           |
| <br>                                    |                          |
| <b>Total restricted cash</b>            | <u><u>\$ 145,974</u></u> |

### Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. As allowed by state law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

### Allowances for Doubtful Accounts

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

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Inventories

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

### Prepays

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

### Capital Assets

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

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

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

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

| <u>Asset</u>          | <u>Estimated Useful Life</u> |
|-----------------------|------------------------------|
| Buildings             | 39 years                     |
| 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, 2020

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet these criteria – OPEB deferrals and pension deferrals. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as revenue until then. The Town has several items that meet the criteria for this category – prepaid taxes, property taxes receivable, special assessment receivable, OPEB deferrals, and pension deferrals.

### **Long-Term Debt**

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

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

### **Compensated Absences**

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

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

### **Net Position**

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

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### **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, 2020**

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

| <b>Purpose</b>       | <b>General Fund</b> |
|----------------------|---------------------|
| <i>Committed:</i>    |                     |
| Capital improvements | \$ 6,957            |
| Soco Road project    | 120,000             |
| Total                | \$ 126,957          |

**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.

|   | <b>General Fund</b> |
|---|---------------------|
| <i>Assigned for Subsequent Year's Expenditures</i> - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation. | \$ 72,552           |

**Unassigned Fund Balance**

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

The Town of Maggie Valley has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, state funds, local non-Town funds, and Town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town or when required by grant or other contractual agreements.

The Town has not officially adopted a fund balance policy.

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

|  |    |                         |
|--|----|-------------------------|
| <b>Total Fund Balance - General Fund</b> | \$ | 3,702,072               |
| Less:                                    |    |                         |
| Prepays                                  |    | 28,935                  |
| Stabilization by state statute           |    | <u>329,696</u>          |
| Total available fund balance             | \$ | <u><u>3,343,441</u></u> |

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

|              |                            |
|--------------|----------------------------|
|              | <u><b>General Fund</b></u> |
| Encumbrances | \$ <u>133,531</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

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town and the ABC Board have no policies regarding custodial credit risk for deposits. The Town complies with G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2020, the Town's deposits had a carrying amount of \$2,397,161 and a bank balance of \$2,381,056. 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 \$205 at June 30, 2020.

The ABC Board's deposits had a carrying value of \$443,714 and a bank balance of \$521,155 at June 30, 2020. \$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, 2020, the Town's investment balances were as follows:

| <u>Investment Type</u>                                | <u>Valuation<br/>Measurement<br/>Method</u> | <u>Fair<br/>Value</u> | <u>Less Than<br/>6 Months</u> | <u>6-12<br/>Months</u> | <u>Maturity</u> | <u>Rating</u> |
|---|---|-----------------------|-------------------------------|------------------------|-----------------|---------------|
| NC Capital Management Trust -<br>Government Portfolio | Fair Value<br>Level 1                       | \$ 1,676,953          | N/A                           | N/A                    | N/A             | AAAm          |
| NC Capital Management Trust -<br>Term Portfolio*      | Fair Value<br>Level 1                       | <u>1,455,299</u>      | <u>1,455,299</u>              | -                      | 0.15 years      | Unrated       |
| Total investments                                     |   | <u>\$ 3,132,252</u>   | <u>\$ 1,455,299</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, 2020.

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

### Capital Assets

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

#### Governmental Activities:

|   | <u>June 30, 2019</u> | <u>Additions</u>  | <u>Retirements</u>  | <u>June 30, 2020</u> |
|---|----------------------|-------------------|---------------------|----------------------|
| <b>Non-Depreciable Capital Assets:</b>      |                      |                   |                     |                      |
| Land  | \$ 2,173,161         | \$ -              | \$ -                | \$ 2,173,161         |
| Construction in progress                    | -                    | 71,167            | -                   | 71,167               |
| Total non-depreciable capital assets        | <u>2,173,161</u>     | <u>71,167</u>     | <u>-</u>            | <u>2,244,328</u>     |
| <b>Depreciable Capital Assets:</b>          |                      |                   |                     |                      |
| Buildings                                   | 3,230,272            | -                 | -                   | 3,230,272            |
| Improvements, other than buildings          | 244,762              | 38,993            | -                   | 283,755              |
| Machinery and equipment                     | 681,069              | 120,799           | (35,351)            | 766,517              |
| Vehicles                                    | 577,706              | 95,037            | (79,803)            | 592,940              |
| Infrastructure                              | <u>4,214,374</u>     | <u>-</u>          | <u>-</u>            | <u>4,214,374</u>     |
| Total depreciable capital assets            | <u>8,948,183</u>     | <u>254,829</u>    | <u>(115,154)</u>    | <u>9,087,858</u>     |
| <b>Less Accumulated Depreciation:</b>       |                      |                   |                     |                      |
| Buildings                                   | 1,075,191            | 89,382            | -                   | 1,164,573            |
| Improvements, other than buildings          | 178,226              | 11,111            | -                   | 189,337              |
| Machinery and equipment                     | 610,138              | 22,623            | (35,351)            | 597,410              |
| Vehicles                                    | 383,555              | 69,984            | (78,616)            | 374,923              |
| Infrastructure                              | <u>1,278,984</u>     | <u>135,118</u>    | <u>-</u>            | <u>1,414,102</u>     |
| Total accumulated depreciation              | <u>3,526,094</u>     | <u>\$ 328,218</u> | <u>\$ (113,967)</u> | <u>3,740,345</u>     |
| Governmental activities capital assets, net | <u>\$ 7,595,250</u>  |                   |                     | <u>\$ 7,591,841</u>  |



**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Business-Type Activities:**

|  | <u>June 30, 2019</u> | <u>Additions</u>  | <u>Retirements</u> | <u>June 30, 2020</u> |
|--|----------------------|-------------------|--------------------|----------------------|
| <b>Sewer Fund:</b>                     |                      |                   |                    |                      |
| <b>Non-Depreciable Capital Assets:</b> |                      |                   |                    |                      |
| Land                                   | \$ 125,250           | \$ -              | \$ -               | \$ 125,250           |
| Construction in progress               | <u>-</u>             | <u>22,542</u>     | <u>-</u>           | <u>22,542</u>        |
| Total non-depreciable capital assets   | <u>125,250</u>       | <u>22,542</u>     | <u>-</u>           | <u>147,792</u>       |
| <b>Depreciable Capital Assets:</b>     |                      |                   |                    |                      |
| Building and systems                   | 8,234,496            | -                 | -                  | 8,234,496            |
| Improvements, other than buildings     | 139,780              | -                 | -                  | 139,780              |
| Machinery and equipment                | 235,680              | 39,112            | (29,103)           | 245,689              |
| Vehicles                               | <u>75,296</u>        | <u>-</u>          | <u>-</u>           | <u>75,296</u>        |
| Total depreciable capital assets       | <u>8,685,252</u>     | <u>39,112</u>     | <u>(29,103)</u>    | <u>8,695,261</u>     |
| <b>Less Accumulated Depreciation:</b>  |                      |                   |                    |                      |
| Buildings and systems                  | 2,939,028            | 168,715           | -                  | 3,107,743            |
| Improvements, other than buildings     | 34,771               | 4,682             | -                  | 39,453               |
| Machinery and equipment                | 128,369              | 10,624            | (29,103)           | 109,890              |
| Vehicles                               | <u>54,211</u>        | <u>5,849</u>      | <u>-</u>           | <u>60,060</u>        |
| Total accumulated depreciation         | <u>3,156,379</u>     | <u>\$ 189,870</u> | <u>\$ (29,103)</u> | <u>3,317,146</u>     |
| Sewer Fund<br>capital assets, net      | <u>\$ 5,654,123</u>  |                   |                    | <u>\$ 5,525,907</u>  |

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

**Governmental Activities:**

|                      |                   |
|----------------------|-------------------|
| General government   | \$ 36,693         |
| Public safety        | 77,202            |
| Transportation       | 167,705           |
| Parks and recreation | <u>46,618</u>     |
| Total                | <u>\$ 328,218</u> |

**Business-Type Activities:**

|            |                   |
|------------|-------------------|
| Sewer Fund | <u>\$ 189,870</u> |
|------------|-------------------|

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2020 is composed of the following elements:

|                                  | <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> |
|----------------------------------|------------------------------------|-------------------------------------|
| Capital assets                   | \$ 7,591,841                       | \$ 5,525,907                        |
| Less: long-term debt             | -                                  | (1,303,686)                         |
| Net investment in capital assets | \$ 7,591,841                       | \$ 4,222,221                        |

### 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:

|                            | <b>Estimated<br/>Useful Life</b> | <b>Cost</b>  | <b>Accumulated<br/>Depreciation</b> | <b>Net<br/>Amount</b> |
|----------------------------|----------------------------------|--------------|-------------------------------------|-----------------------|
| Land and CIP               |                                  | \$ 496,150   | \$ -                                | \$ 496,150            |
| Land improvements          | 15 years                         | 50,822       | 27,205                              | 23,617                |
| Store building             | 30 years                         | 827,963      | 296,057                             | 531,906               |
| Building improvements      | 10 years                         | 154,978      | 71,166                              | 83,812                |
| Office and store equipment | 5-10 years                       | 209,895      | 171,780                             | 38,115                |
| Total                      |                                  | \$ 1,739,808 | \$ 566,208                          | \$ 1,173,600          |

### Receivables

Receivables at the government-wide level at June 30, 2020 were as follows:

|                                  | <b>Accounts</b> | <b>Taxes</b> | <b>Due From<br/>Other<br/>Governments</b> | <b>Total</b> |
|----------------------------------|-----------------|--------------|---|--------------|
| <b>Governmental Activities:</b>  |                 |              |   |              |
| General                          | \$ 66,043       | \$ 86,222    | \$ 132,735                                | \$ 285,000   |
| Total receivables                | 66,043          | 86,222       | 132,735                                   | 285,000      |
| Allowance for doubtful accounts  | (644)           | (29,800)     | -   | (30,444)     |
| Total governmental activities    | \$ 65,399       | \$ 56,422    | \$ 132,735                                | \$ 254,556   |
| <b>Business-Type Activities:</b> |                 |              |   |              |
| Sewer Fund                       | \$ 137,615      | \$ -         | \$ 1,508                                  | \$ 139,123   |
| Total receivables                | 137,615         | -            | 1,508                                     | 139,123      |
| Allowance for doubtful accounts  | (5,268)         | -            | -   | (5,268)      |
| Total business-type activities   | \$ 132,347      | \$ -         | \$ 1,508                                  | \$ 133,855   |

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

Amounts due from governmental agencies consist of the following:

|                                | <u>County</u>    | <u>State</u>     | <u>Other</u>    | <u>Total</u>      |
|--------------------------------|------------------|------------------|-----------------|-------------------|
| <b>Governmental Funds:</b>     |                  |                  |                 |                   |
| Property taxes                 | \$ 11,380        | \$ -             | \$ -            | \$ 11,380         |
| ABC Board distribution         | -                | -                | 4,500           | 4,500             |
| Other                          | 58,145           | -                | -               | 58,145            |
| Sales and use tax distribution | -                | 32,336           | -               | 32,336            |
| Sales tax refund               | 7,924            | 18,450           | -               | 26,374            |
| Total governmental funds       | <u>\$ 77,449</u> | <u>\$ 50,786</u> | <u>\$ 4,500</u> | <u>\$ 132,735</u> |
| <b>Business-Type Funds:</b>    |                  |                  |                 |                   |
| <b>Sewer Fund:</b>             |                  |                  |                 |                   |
| Sales tax refund               | <u>\$ 485</u>    | <u>\$ 1,023</u>  | <u>\$ -</u>     | <u>\$ 1,508</u>   |

**B. Liabilities**

Accounts payable and accrued liabilities are composed of the following amounts at June 30, 2020:

|                          | <u>Vendors</u>   | <u>Salaries and<br/>Benefits</u> | <u>Total</u>     |
|--------------------------|------------------|----------------------------------|------------------|
| Governmental activities  | <u>\$ 59,318</u> | <u>\$ 19,715</u>                 | <u>\$ 79,033</u> |
| Business-type activities | <u>\$ 39,154</u> | <u>\$ 5,003</u>                  | <u>\$ 44,157</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](http://www.osc.nc.gov).

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

**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, 2020, was 9.70% of compensation for law enforcement officers and 8.95% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town and the ABC Board were \$105,130 and \$20,893, respectively, for the year ended June 30, 2020.

*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, 2020**

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

At June 30, 2020, the Town reported a liability of \$406,361 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the Town's proportion was .01488%, which was a decrease of .00120% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$179,908. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 69,579                                     | \$ -   |
| Changes of assumptions  | 66,230  | -  |
| Net difference between projected and actual earnings on pension plan investments                          | 9,911   | -  |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 939   | 9,690  |
| Town contributions subsequent to the measurement date   | 105,130                                       | -  |
| Total   | \$ 251,789                                    | \$ 9,690                                     |

\$105,130 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, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ending<br/>June 30</b> | <b>Amount</b> |
|--------------------------------|---------------|
| 2021                           | \$ 69,922     |
| 2022                           | 20,322        |
| 2023                           | 36,797        |
| 2024                           | 9,928         |
| Total                          | \$ 136,969    |

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

**Actuarial Assumptions.** The total pension liability in the December 31, 2018 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, 2018 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, 2019 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, 2020

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that 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%<br>Decrease<br>(6.00%) | Discount<br>Rate<br>(7.00%) | 1%<br>Increase<br>(8.00%) |
|--|---------------------------|-----------------------------|---------------------------|
| Town's proportionate share of<br>the net pension liability (asset) | \$ 929,422                | \$ 406,361                  | \$ (28,409)               |

**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, 2020

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

|   |                  |
|---|------------------|
| Retirees receiving benefits   | 2                |
| Terminated plan members entitled to,<br>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, 2018 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<br>inflation and productivity factor |
| Discount rate   | 3.26 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, 2018 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ended December 31, 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, 2020

*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, 2020, the Town reported a total pension liability of \$441,720. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$23,260.

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 17,800                                     | \$ 33,096                                    |
| Changes of assumptions  | 18,731  | 11,399                                       |
| Town benefit payments and plan administrative expense made subsequent to the measurement date | 15,215  | -  |
| <b>Total</b>  | <b>\$ 51,746</b>                              | <b>\$ 44,495</b>                             |

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

\$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, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ending</b> |                   |
|--------------------|-------------------|
| <b>June 30</b>     | <b>Amount</b>     |
| 2021               | \$ (6,028)        |
| 2022               | (4,826)           |
| 2023               | (491)             |
| 2024               | 2,601             |
| 2025               | 780               |
| Total              | <u>\$ (7,964)</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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

|                         | <b>1%<br/>Decrease<br/>(2.26%)</b> | <b>Discount<br/>Rate<br/>(3.26%)</b> | <b>1%<br/>Increase<br/>(4.26%)</b> |
|-------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Total pension liability | <u>\$ 472,495</u>                  | <u>\$ 441,720</u>                    | <u>\$ 413,720</u>                  |

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

|  | <b>2020</b>       |
|--|-------------------|
| Beginning balance  | <u>\$ 437,271</u> |
| Service cost   | 13,525            |
| Interest on the total pension liability  | 15,363            |
| Differences between expected and actual experience in the measurement of the total pension liability | (4,964)           |
| Changes of assumptions or other inputs   | 10,954            |
| Benefit payments   | <u>(30,429)</u>   |
| Net changes  | 4,449             |
| Ending balance of the total pension liability  | <u>\$ 441,720</u> |

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.64% at December 31, 2017 to 3.26% 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:

|   | <b>LGERS</b> | <b>LEOSSA</b> | <b>Total</b> |
|---|--------------|---------------|--------------|
| Proportion of the net pension liability (asset) | 0.01488%     | NA            | -            |
| Pension liability                               | \$ 406,361   | \$ 441,720    | \$ 848,081   |
| Pension expense                                 | 179,908      | 23,260        | 203,168      |

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <b>LGERS</b>      | <b>LEOSSA</b>    | <b>Total</b>      |
|--|-------------------|------------------|-------------------|
| <b>Deferred Outflows of Resources:</b>   |                   |                  |                   |
| Differences between expected and actual experience   | \$ 69,579         | \$ 17,800        | \$ 87,379         |
| Changes of assumptions   | 66,230            | 18,731           | 84,961            |
| Net difference between projected and actual earnings on pension plan investments                                     | 9,911             | -                | 9,911             |
| Changes in proportion and differences between Town contributions and proportionate share of contributions            | 939               | -                | 939               |
| Town contributions (LGERS) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date | 105,130           | 15,215           | 120,345           |
| <b>Total</b>   | <b>\$ 251,789</b> | <b>\$ 51,746</b> | <b>\$ 303,535</b> |

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

|   | <b>LGERS</b>    | <b>LEOSSA</b>    | <b>Total</b>     |
|---|-----------------|------------------|------------------|
| <b>Deferred Inflows of Resources:</b>   |                 |                  |                  |
| Differences between expected and actual experience  | \$ -            | \$ 33,096        | \$ 33,096        |
| Changes of assumptions  | -               | 11,399           | 11,399           |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 9,690           | -                | 9,690            |
| <b>Total</b>  | <b>\$ 9,690</b> | <b>\$ 44,495</b> | <b>\$ 54,185</b> |

**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, 2020 were \$40,425, which consisted of \$21,958 from the Town and \$18,467 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, 2020 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, 2020

### **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, 2020, 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, 2020

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

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

### 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<br>Service At<br>Retirement | Age at<br>Retirement | Maximum<br>Monthly Town<br>Contribution |
|--------------------------------------|----------------------|---|
| 15-19                                | 60                   | 50%                                     |
| 20-24                                | 55                   | 75%                                     |
| 20 or more                           | 60                   | 100%                                    |
| 25 or more                           | 55                   | 100%                                    |
| 30 or more                           | any                  | 100%                                    |

### Total OPEB Liability

The Town's total OPEB liability of \$208,129 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the 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<br>3.50%-7.35%, including wage inflation for law enforcement officers |
| Discount rate               | 3.50 percent  |
| Healthcare cost trend rates | Pre-Medicare - 7.00% for 2019 decreasing to an ultimate rate of<br>4.50% by 2026  |
| Dental                      | 4.00 percent  |
| Vision                      | 2.50 percent  |

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

|  | <b>Total OPEB<br/>Liability</b> |
|--|---------------------------------|
| <b>Balance at July 1, 2019</b>                     | <u>\$ 183,213</u>               |
| <b>Changes for the year:</b>                       |                                 |
| Service cost                                       | 10,304                          |
| Interest   | 7,127                           |
| Differences between expected and actual experience | 4,138                           |
| Changes of assumptions or other inputs             | <u>3,347</u>                    |
| <b>Net changes</b>                                 | <u>24,916</u>                   |
| <b>Balance at June 30, 2020</b>                    | <u><u>\$ 208,129</u></u>        |

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.89% to 3.50%.

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

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

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

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

|                      | <b>1%<br/>Decrease<br/>(2.50%)</b> | <b>Discount<br/>Rate<br/>(3.50%)</b> | <b>1%<br/>Increase<br/>(4.50%)</b> |
|----------------------|------------------------------------|--------------------------------------|------------------------------------|
| Total OPEB liability | \$ 234,429                         | \$ 208,129                           | \$ 184,835                         |

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

*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:

|                      | <b>1%</b>                | <b>Current</b>           | <b>1%</b>                |
|----------------------|--------------------------|--------------------------|--------------------------|
|                      | <b><u>Decrease</u></b>   | <b><u>Current</u></b>    | <b><u>Increase</u></b>   |
| Total OPEB liability | <b><u>\$ 178,337</u></b> | <b><u>\$ 208,129</u></b> | <b><u>\$ 244,082</u></b> |

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$18,142. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | <b><u>Deferred<br/>Outflows of<br/>Resources</u></b> | <b><u>Deferred<br/>Inflows of<br/>Resources</u></b> |
|--|--|---|
| Differences between expected and actual experience | \$ 3,675   | \$ 479  |
| Changes of assumptions                             | <u>2,971</u>   | <u>13,363</u>                                       |
| Total  | <b><u>\$ 6,646</u></b>                               | <b><u>\$ 13,842</u></b>                             |

\$0 benefits were reported as deferred outflows of resources related to OPEB because there were no benefit payments made or administrative expenses incurred subsequent to the measurement date. If payments were made, they would be recognized as a decrease of the total pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b><u>Year Ending<br/>June 30</u></b> | <b><u>Total</u></b>      |
|---------------------------------------|--------------------------|
| 2021                                  | \$ (1,679)               |
| 2022                                  | (1,679)                  |
| 2023                                  | (1,679)                  |
| 2024                                  | (1,679)                  |
| 2025                                  | (1,679)                  |
| Thereafter                            | <u>1,199</u>             |
| Total                                 | <b><u>\$ (7,196)</u></b> |



**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Deferred Outflows and Inflows of Resources**

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

|                   | <b>Amount</b> |
|-------------------|---------------|
| OPEB deferrals    | \$ 6,646      |
| Pension deferrals | 303,535       |
| Total             | \$ 310,181    |

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

|                               | <b>Statement of<br/>Net Position</b> | <b>General<br/>Fund Balance<br/>Sheet</b> |
|-------------------------------|--------------------------------------|---|
| <b>Deferred Inflows:</b>      |                                      |   |
| Taxes receivable              | \$ -                                 | \$ 56,422                                 |
| Special assessment receivable | -                                    | 1,969                                     |
| Prepaid taxes                 | 947                                  | 947                                       |
| OPEB deferrals                | 13,842                               | -   |
| Pension deferrals             | 54,185                               | -   |
| Total                         | \$ 68,974                            | \$ 59,338                                 |

**Long-Term Obligations**

**Installment Purchase Contracts**

**Serviced by Sewer Fund:**

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

\$ 1,303,686

The Town's outstanding note from direct borrowings related to business-type activities of \$1,303,686 is not secured by a pledge of the faith and credit of the State of North Carolina or of the Town, but is payable solely from the revenues of the project or benefited systems, or other available funds. The note contains provisions that an event of default would result in (1) any other monies due to the Town from the state may be withheld by the state and applied to the payment of the outstanding note.

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The future minimum payments of the Sewer Fund long-term debt notes payable as of June 30, 2020 are as follows:

| <b>Year Ending<br/>June 30</b> | <b>Principal</b>    | <b>Interest</b>   | <b>Total</b>        |
|--------------------------------|---------------------|-------------------|---------------------|
| 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                           | 162,960             | 13,687            | 176,647             |
| 2026-2028                      | <u>488,886</u>      | <u>20,533</u>     | <u>509,419</u>      |
| Total                          | <u>\$ 1,303,686</u> | <u>\$ 123,196</u> | <u>\$ 1,426,882</u> |

### Changes in Long-Term Debt

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

|                                       | <b>July 1, 2019</b> | <b>Additions</b> | <b>Retirements</b> | <b>June 30, 2020</b> | <b>Current<br/>Portion</b> |
|---------------------------------------|---------------------|------------------|--------------------|----------------------|----------------------------|
| <b>Governmental Activities:</b>       |                     |                  |                    |                      |                            |
| Direct placement installment purchase | \$ 59,991           | \$ -             | \$ 59,991          | \$ -                 | \$ -                       |
| Total OPEB liability                  | 146,571             | 19,933           | -                  | 166,504              | -                          |
| Net pension liability (LGERS)         | 305,179             | 19,910           | -                  | 325,089              | -                          |
| Total pension liability (LEOSSA)      | 437,271             | 4,449            | -                  | 441,720              | -                          |
| Compensated absences                  | 70,047              | 53,565           | 49,217             | 74,395               | 50,998                     |
| Total                                 | <u>\$ 1,019,059</u> | <u>\$ 97,857</u> | <u>\$ 109,208</u>  | <u>\$ 1,007,708</u>  | <u>\$ 50,998</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, 2020 amounts to \$32,972,990.

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

|                                       | <u>July 1, 2019</u> | <u>Additions</u> | <u>Retirements</u> | <u>June 30, 2020</u> | <u>Current<br/>Portion</u> |
|---------------------------------------|---------------------|------------------|--------------------|----------------------|----------------------------|
| <b>Business-Type Activities:</b>      |                     |                  |                    |                      |                            |
| <b>Sewer Fund:</b>                    |                     |                  |                    |                      |                            |
| Direct borrowing installment purchase | \$ 1,466,646        | \$ -             | \$ 162,960         | \$ 1,303,686         | \$ 162,960                 |
| Total OPEB liability                  | 36,642              | 4,983            | -                  | 41,625               | -                          |
| Net pension liability (LGERS)         | 76,294              | 4,978            | -                  | 81,272               | -                          |
| Compensated absences                  | 28,042              | 18,850           | 15,488             | 31,404               | 16,822                     |
| Total Sewer Fund                      | <u>1,607,624</u>    | <u>28,811</u>    | <u>178,448</u>     | <u>1,457,987</u>     | <u>179,782</u>             |
| Total business-type activities        | <u>\$ 1,607,624</u> | <u>\$ 28,811</u> | <u>\$ 178,448</u>  | <u>\$ 1,457,987</u>  | <u>\$ 179,782</u>          |

### Construction Commitments

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

| <u>Project</u>          | <u>Spent-to-Date</u> | <u>Remaining<br/>Commitment</u> |
|-------------------------|----------------------|---------------------------------|
| Smoke testing project   | \$ 29,500            | \$ 5,400                        |
| Waterfall project       | -                    | 30,000                          |
| Paving project          | -                    | 42,022                          |
| Software implementation | 102,560              | 19,404                          |

### Risk Management

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

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

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

### C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2020 consist of the following:

|                                       | <u>Transfers</u> |                    |
|---------------------------------------|------------------|--------------------|
|                                       | <u>From</u>      | <u>To</u>          |
| <b>Transfers From/To Other Funds:</b> |                  |                    |
| <b>General Fund:</b>                  |                  |                    |
| General Capital Project Fund          | \$ 4,546         | \$ - Fund closure  |
| <b>General Capital Project Fund:</b>  |                  |                    |
| General Fund                          | -                | 4,546 Fund closure |
| Total                                 | <u>\$ 4,546</u>  | <u>\$ 4,546</u>    |

### 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. In November 2019, the County reimbursed the Town for the total amount received over the life of the agreement of \$105,965.

# **TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020**

### **5. Subsequent Event**

In March, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact Town revenues. At the current time, we are unable to quantify the potential effects of this pandemic.

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## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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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 THREE FISCAL YEARS

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

**Notes to the Required Schedules:**

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

| <u>Fiscal Year</u> | <u>Rate</u> |
|--------------------|-------------|
| 2020               | 3.50%       |
| 2019               | 3.89%       |
| 2018               | 3.56%       |

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

## TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**LAST FOUR FISCAL YEARS**

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

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

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

## TOWN OF MAGGIE VALLEY, NORTH CAROLINA

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

**Law Enforcement Officers' Special Separation Allowance**

|  | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|
| Total pension liability                                    | \$ 441,720  | \$ 437,271  | \$ 428,031  | \$ 466,777  |
| Covered payroll  | 461,564     | 443,075     | 431,372     | 504,068     |
| Total pension liability as a percentage of covered payroll | 95.70%      | 98.69%      | 99.23%      | 92.60%      |

**Notes to the Schedules:**

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

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

## TOWN OF MAGGIE VALLEY, NORTH CAROLINA

TOWN OF MAGGIE VALLEY'S PROPORTIONATE SHARE  
 OF NET PENSION LIABILITY (ASSET)  
 REQUIRED SUPPLEMENTARY INFORMATION  
 LAST SEVEN FISCAL YEARS\*

|   | Local Governmental Employees' Retirement System |              |              |            |            |             |            |
|---|---|--------------|--------------|------------|------------|-------------|------------|
|   | 2020  | 2019         | 2018         | 2017       | 2016       | 2015        | 2014       |
| Town of Maggie Valley's proportion of the net pension liability (asset) (%)   | 0.01488%  | 0.01608%     | 0.01668%     | 0.01690%   | 0.01716%   | 0.01633%    | 0.01870%   |
| Town of Maggie Valley's proportion of the net pension liability (asset) (\$)  | \$ 406,361                                      | \$ 381,473   | \$ 254,825   | \$ 358,676 | \$ 76,969  | \$ (96,305) | \$ 225,407 |
| Town of Maggie Valley's covered payroll   | \$ 1,060,866                                    | \$ 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 | 38.30%  | 38.04%       | 23.66%       | 35.90%     | 8.07%      | (9.99%)     | 23.28%     |
| Plan fiduciary net position as a percentage of the total pension liability**  | 90.86%  | 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 SEVEN FISCAL YEARS

| <u>Local Governmental Employees' Retirement System</u>               |                |               |               |               |               |               |               |
|--|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | <u>2020</u>    | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   | <u>2016</u>   | <u>2015</u>   | <u>2014</u>   |
| Contractually required contribution                                  | \$ 105,130     | \$ 85,368     | \$ 78,305     | \$ 81,516     | \$ 68,721     | \$ 68,886     | \$ 68,411     |
| Contributions in relation to the contractually required contribution | <u>105,130</u> | <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>   | <u>\$ -</u>   |
| Town of Maggie Valley's covered payroll                              | \$ 1,137,354   | \$ 1,060,866  | \$ 1,002,804  | \$ 1,077,101  | \$ 999,070    | \$ 953,727    | \$ 964,123    |
| Contributions as a percentage of covered payroll                     | 9.24%          | 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**

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**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, 2020**

|   | 2020             |                  |                        |
|---|------------------|------------------|------------------------|
|   | Budget           | Actual           | Variance<br>Over/Under |
| <b>Revenues:</b>                                |                  |                  |                        |
| <b>Ad Valorem Taxes:</b>                        |                  |                  |                        |
| Current year                                    | \$ 1,729,467     | \$ 1,768,056     | \$ 38,589              |
| Prior years                                     | -                | 4,495            | 4,495                  |
| Penalty and interest                            | 11,200           | 16,334           | 5,134                  |
| Total ad valorem taxes                          | <u>1,740,667</u> | <u>1,788,885</u> | <u>48,218</u>          |
| <b>Other Taxes and Licenses:</b>                |                  |                  |                        |
| Local option sales tax                          | 424,076          | 435,486          | 11,410                 |
| Beer and wine licenses                          | 700              | 450              | (250)                  |
| Cable TV franchise tax                          | 42,973           | 40,955           | (2,018)                |
| Solid waste disposal tax                        | 1,063            | 1,098            | 35                     |
| Occupancy tax                                   | 45,000           | 53,000           | 8,000                  |
| Special assessment                              | 10,240           | 7,846            | (2,394)                |
| Utility franchise tax                           | 169,646          | 166,465          | (3,181)                |
| Total other taxes and licenses                  | <u>693,698</u>   | <u>705,300</u>   | <u>11,602</u>          |
| <b>Unrestricted Intergovernmental Revenues:</b> |                  |                  |                        |
| Beer and wine tax                               | 6,172            | 6,237            | 65                     |
| ABC profit distribution                         | 9,000            | 25,500           | 16,500                 |
| Total unrestricted intergovernmental revenues   | <u>15,172</u>    | <u>31,737</u>    | <u>16,565</u>          |
| <b>Restricted Intergovernmental Revenues:</b>   |                  |                  |                        |
| Powell Bill                                     | 90,787           | 38,655           | (52,132)               |
| Drug recovery funds                             | 3,471            | 4,924            | 1,453                  |
| Court/officer fees                              | 500              | 523              | 23                     |
| NCLM Safety grant                               | -                | 5,000            | 5,000                  |
| Cares Act funding                               | -                | 58,145           | 58,145                 |
| Total restricted intergovernmental revenues     | <u>94,758</u>    | <u>107,247</u>   | <u>12,489</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, 2020**

|  | <b>2020</b>      |                  |                                |
|--|------------------|------------------|--------------------------------|
|  | <b>Budget</b>    | <b>Actual</b>    | <b>Variance<br/>Over/Under</b> |
| <b>Permits and Fees:</b>               |                  |                  |                                |
| Zoning permits                         | 14,500           | 24,014           | 9,514                          |
| Sign permits                           | 300              | 449              | 149                            |
| Total permits and fees                 | <u>14,800</u>    | <u>24,463</u>    | <u>9,663</u>                   |
| <b>Sales and Services:</b>             |                  |                  |                                |
| Rental and collection fees             | 122,515          | 106,036          | (16,479)                       |
| Total sales and services               | <u>122,515</u>   | <u>106,036</u>   | <u>(16,479)</u>                |
| <b>Investment Earnings</b>             | <u>21,800</u>    | <u>52,085</u>    | <u>30,285</u>                  |
| <b>Miscellaneous:</b>                  |                  |                  |                                |
| Other contributions and donations      | -                | 550              | 550                            |
| Other miscellaneous                    | 29,290           | 133,233          | 103,943                        |
| Total miscellaneous                    | <u>29,290</u>    | <u>133,783</u>   | <u>104,493</u>                 |
| Total revenues                         | <u>2,732,700</u> | <u>2,949,536</u> | <u>216,836</u>                 |
| <b>Expenditures:</b>                   |                  |                  |                                |
| <b>General Government:</b>             |                  |                  |                                |
| <b>Administration/Governing Board:</b> |                  |                  |                                |
| Salaries and benefits                  | 373,049          | 372,894          | 155                            |
| Operating                              | 206,460          | 133,066          | 73,394                         |
| Capital outlay                         | 154,334          | 109,440          | 44,894                         |
| Total general government               | <u>733,843</u>   | <u>615,400</u>   | <u>118,443</u>                 |
| <b>Public Safety:</b>                  |                  |                  |                                |
| <b>Police:</b>                         |                  |                  |                                |
| Salaries and benefits                  | 829,778          | 758,920          | 70,858                         |
| Operating                              | 212,904          | 189,568          | 23,336                         |
| Capital outlay                         | 172,945          | 50,232           | 122,713                        |
| Total police                           | <u>1,215,627</u> | <u>998,720</u>   | <u>216,907</u>                 |
| Total public safety                    | <u>1,215,627</u> | <u>998,720</u>   | <u>216,907</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, 2020**

|                                | <b>2020</b>      |                  |                                |
|--------------------------------|------------------|------------------|--------------------------------|
|                                | <b>Budget</b>    | <b>Actual</b>    | <b>Variance<br/>Over/Under</b> |
| <b>Transportation:</b>         |                  |                  |                                |
| <b>Streets and Highways:</b>   |                  |                  |                                |
| Salaries and benefits          | 222,423          | 211,944          | 10,479                         |
| Operating expenses             | 374,790          | 304,423          | 70,367                         |
| Capital outlay                 | 122,542          | 117,258          | 5,284                          |
| Total streets and highways     | <u>719,755</u>   | <u>633,625</u>   | <u>86,130</u>                  |
| <b>Powell Bill:</b>            |                  |                  |                                |
| Salaries and benefits          | 1,322            | -                | 1,322                          |
| Operating                      | 16,800           | 4,954            | 11,846                         |
| Capital outlay                 | 76,460           | 37,276           | 39,184                         |
| Total Powell Bill              | <u>94,582</u>    | <u>42,230</u>    | <u>52,352</u>                  |
| Total transportation           | <u>814,337</u>   | <u>675,855</u>   | <u>138,482</u>                 |
| <b>Parks and Recreation:</b>   |                  |                  |                                |
| Operating expenses             | 18,100           | 10,310           | 7,790                          |
| Contribution to Haywood County | 32,798           | -                | 32,798                         |
| <b>Festival Grounds:</b>       |                  |                  |                                |
| Salaries and benefits          | 58,253           | 48,405           | 9,848                          |
| Operating expenses             | 74,576           | 63,935           | 10,641                         |
| Capital outlay                 | 11,000           | 11,895           | (895)                          |
| Total                          | <u>143,829</u>   | <u>124,235</u>   | <u>19,594</u>                  |
| Total parks and recreation     | <u>194,727</u>   | <u>134,545</u>   | <u>60,182</u>                  |
| <b>Debt Service:</b>           |                  |                  |                                |
| Principal                      | 59,991           | 59,991           | -                              |
| Interest and fees              | 1,194            | 1,193            | 1                              |
| Total debt service             | <u>61,185</u>    | <u>61,184</u>    | <u>1</u>                       |
| Total expenditures             | <u>3,019,719</u> | <u>2,485,704</u> | <u>534,015</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, 2020**

|  | <u>2020</u>    |                     |                                |
|--|----------------|---------------------|--------------------------------|
|  | <u>Budget</u>  | <u>Actual</u>       | <u>Variance<br/>Over/Under</u> |
| Revenues over (under) expenditures       | (287,019)      | 463,832             | 750,851                        |
| <b>Other Financing Sources (Uses):</b>   |                |                     |                                |
| Proceeds from the sale of capital assets | 37,551         | 40,750              | 3,199                          |
| Appropriated fund balance                | 249,468        | -                   | (249,468)                      |
| Transfers (to) from other funds:         |                |                     |                                |
| Capital Project Fund                     | -              | 4,546               | 4,546                          |
| Total other financing sources (uses)     | <u>287,019</u> | <u>45,296</u>       | <u>(241,723)</u>               |
| Net change in fund balance               | <u>\$ -</u>    | 509,128             | <u>\$ 509,128</u>              |
| <b>Fund Balance:</b>                     |                |                     |                                |
| Beginning of year - July 1               |                | <u>3,192,944</u>    |                                |
| End of year - June 30                    |                | <u>\$ 3,702,072</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, 2020**

|  | <u>Project<br/>Authorization</u> | <u>Actual</u>          |                         |                  | <u>Variance<br/>Over/Under</u> |
|--|----------------------------------|------------------------|-------------------------|------------------|--------------------------------|
|  |                                  | <u>Prior<br/>Years</u> | <u>Current<br/>Year</u> | <u>Total</u>     |                                |
| <b>Revenues:</b>                       |                                  |                        |                         |                  |                                |
| Haywood County TDA funds               | \$ 45,000                        | \$ 45,000              | \$ -                    | 45,000           | \$ -                           |
| Miscellaneous revenue                  | -                                | 3,400                  | -                       | 3,400            | (3,400)                        |
| Total revenues                         | <u>45,000</u>                    | <u>48,400</u>          | <u>-</u>                | <u>48,400</u>    | <u>(3,400)</u>                 |
| <b>Expenditures:</b>                   |                                  |                        |                         |                  |                                |
| Mary Rathbone Rich Park:               |                                  |                        |                         |                  |                                |
| Administration                         | 1,000                            | 765                    | -                       | 765              | 235                            |
| Engineering                            | 12,820                           | 12,820                 | -                       | 12,820           | -                              |
| Construction                           | 252,388                          | 251,476                | -                       | 251,476          | 912                            |
| Total expenditures                     | <u>266,208</u>                   | <u>265,061</u>         | <u>-</u>                | <u>265,061</u>   | <u>1,147</u>                   |
| Revenues over (under) expenditures     | <u>(221,208)</u>                 | <u>(216,661)</u>       | <u>-</u>                | <u>(216,661)</u> | <u>4,547</u>                   |
| <b>Other Financing Sources (Uses):</b> |                                  |                        |                         |                  |                                |
| Appropriated fund balance              | 4,546                            | -                      | -                       | -                | (4,546)                        |
| Transfers to other funds               | (4,546)                          | -                      | (4,546)                 | (4,546)          | -                              |
| Transfers from other funds             | 221,208                          | 221,207                | -                       | 221,207          | (1)                            |
| Total other financing sources (uses)   | <u>221,208</u>                   | <u>221,207</u>         | <u>(4,546)</u>          | <u>216,661</u>   | <u>(4,547)</u>                 |
| Net change in fund balance             | <u>\$ -</u>                      | <u>\$ 4,546</u>        | <u>\$ (4,546)</u>       | <u>\$ -</u>      | <u>\$ -</u>                    |

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## **MAJOR ENTERPRISE FUND**

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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, 2020**

|                              | <u>Budget</u>  | <u>Actual</u>    | <u>Variance<br/>Over/Under</u> |
|------------------------------|----------------|------------------|--------------------------------|
| <b>Revenues:</b>             |                |                  |                                |
| Operating revenues:          |                |                  |                                |
| Charges for services:        |                |                  |                                |
| Sewer charges                | \$ 797,017     | \$ 792,392       | \$ (4,625)                     |
| Sewer tap fees               | 55,000         | 95,565           | 40,565                         |
| Other operating revenues     | 54,900         | 90,609           | 35,709                         |
| Total operating revenues     | <u>906,917</u> | <u>978,566</u>   | <u>71,649</u>                  |
| Non-operating revenues:      |                |                  |                                |
| Interest on investments      | 10,000         | 30,649           | 20,649                         |
| Miscellaneous                | 60,880         | 15,073           | (45,807)                       |
| Total non-operating revenues | <u>70,880</u>  | <u>45,722</u>    | <u>(25,158)</u>                |
| Total revenues               | <u>977,797</u> | <u>1,024,288</u> | <u>46,491</u>                  |
| <b>Expenditures:</b>         |                |                  |                                |
| Administration:              |                |                  |                                |
| Salaries and benefits        | <u>319,254</u> | <u>317,748</u>   | <u>1,506</u>                   |
| Operations:                  |                |                  |                                |
| Utilities                    | 82,500         | 54,171           | 28,329                         |
| Maintenance and repairs      | 99,530         | 88,237           | 11,293                         |
| Contractual services         | 50,995         | 50,504           | 491                            |
| Professional                 | 76,900         | 72,689           | 4,211                          |
| Supplies                     | 23,700         | 23,611           | 89                             |
| Insurance                    | 13,795         | 14,076           | (281)                          |
| Miscellaneous                | 54,462         | 29,972           | 24,490                         |
| Total operating expenditures | <u>401,882</u> | <u>333,260</u>   | <u>68,622</u>                  |
| Debt service:                |                |                  |                                |
| Principal repayment          | 162,961        | 162,960          | 1                              |
| Interest and fees            | 30,800         | 30,800           | -                              |
| Total debt service           | <u>193,761</u> | <u>193,760</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, 2020**

|                                    | <u>Budget</u>  | <u>Actual</u>  | <u>Variance<br/>Over/Under</u> |
|------------------------------------|----------------|----------------|--------------------------------|
| Other expenditures:                |                |                |                                |
| Capital outlay                     | 62,900         | 61,654         | 1,246                          |
| Total expenditures                 | <u>977,797</u> | <u>906,422</u> | <u>71,375</u>                  |
| Revenues over (under) expenditures | <u>\$ -</u>    | 117,866        | <u>\$ 117,866</u>              |

**Reconciliation from Modified Accrual Basis to Accrual Basis:**

|  |                   |
|--|-------------------|
| Principal retirement                               | 162,960           |
| Capital outlay                                     | 61,654            |
| Change in compensated absences                     | (3,362)           |
| Change in OPEB liability                           | (4,983)           |
| Change in net pension liability                    | (4,978)           |
| Change in deferred outflows of resources - pension | (9,692)           |
| Change in deferred inflows of resources - pension  | (286)             |
| Change in deferred outflows of resources - OPEB    | 1,329             |
| Change in deferred inflows of resources - OPEB     | 504               |
| Depreciation                                       | <u>(189,870)</u>  |
| Change in net position, accrual basis              | <u>\$ 131,142</u> |

## **OTHER SUPPLEMENTAL INFORMATION**

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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, 2020

| <u>Fiscal Year</u>   | <u>Uncollected<br/>Balance<br/>July 1, 2019</u> | <u>Additions</u>    | <u>Collections<br/>and Credits</u> | <u>Uncollected<br/>Balance<br/>June 30, 2020</u> |
|--|---|---------------------|------------------------------------|--|
| 2019-2020  | \$ -  | \$ 1,776,810        | \$ 1,730,243                       | \$ 46,567  |
| 2018-2019  | 61,165  | -                   | 50,640                             | 10,525   |
| 2017-2018  | 6,834   | -                   | 1,358                              | 5,476  |
| 2016-2017  | 5,893   | -                   | 644                                | 5,249  |
| 2015-2016  | 7,172   | -                   | 3,323                              | 3,849  |
| 2014-2015  | 1,771   | -                   | 31                                 | 1,740  |
| 2013-2014  | 2,875   | -                   | 7                                  | 2,868  |
| 2012-2013  | 3,764   | -                   | 322                                | 3,442  |
| 2011-2012  | 2,881   | -                   | 16                                 | 2,865  |
| 2010-2011  | 3,749   | -                   | 108                                | 3,641  |
| 2009-2010  | 2,770   | -                   | 2,770                              | -  |
| Total  | <u>\$ 98,874</u>                                | <u>\$ 1,776,810</u> | <u>\$ 1,789,462</u>                | 86,222   |
| Less allowance for uncollectible ad valorem taxes receivable |   |                     |                                    | <u>(29,800)</u>                                  |
| Ad valorem taxes receivable, net                             |   |                     |                                    | <u>\$ 56,422</u>                                 |
| <b>Reconciliation with Revenues:</b>                         |   |                     |                                    |  |
| Ad valorem taxes - General Fund                              |   |                     |                                    | \$ 1,788,885                                     |
| Reconciling items:   |   |                     |                                    |  |
| Amounts written off per Statute of Limitations               |   |                     |                                    | (2,770)  |
| Interest   |   |                     |                                    | 9,820  |
| Releases, refunds, interest and other adjustments            |   |                     |                                    | <u>(6,473)</u>                                   |
| Total collections and credits                                |   |                     |                                    | <u>\$ 1,789,462</u>                              |

## TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY  
FOR THE YEAR ENDED JUNE 30, 2020

|   | <u>Property<br/>Valuation</u> | <u>Rate</u> | <u>Total<br/>Levy</u> | <u>Total Levy</u>   |  |
|---|-------------------------------|-------------|-----------------------|---|--|
|   |                               |             |                       | <u>Property<br/>Excluding<br/>Registered<br/>Motor<br/>Vehicles</u> | <u>Registered<br/>Motor<br/>Vehicles</u> |
| <b>Original Levy:</b>                     |                               |             |                       |   |  |
| Property taxed at current year's rate     | \$ 411,142,093                | \$ 0.43     | \$ 1,767,911          | \$ 1,670,029  | \$ 97,882                                |
| Penalties                                 | -                             |             | 4,508                 | 4,508   | -  |
| <b>Discoveries:</b>                       |                               |             |                       |   |  |
| Current year taxes                        | <u>1,020,288</u>              |             | <u>4,391</u>          | <u>4,391</u>  | <u>-</u>                                 |
| Total property valuation                  | <u>\$ 412,162,381</u>         |             |                       |   |  |
| <b>Net Levy</b>                           |                               |             | 1,776,810             | 1,678,928   | 97,882                                   |
| Uncollected taxes at June 30, 2020        |                               |             | <u>(46,567)</u>       | <u>(45,384)</u>   | <u>(1,183)</u>                           |
| <b>Current Year's Taxes Collected</b>     |                               |             | <u>\$ 1,730,243</u>   | <u>\$ 1,633,544</u>   | <u>\$ 96,699</u>                         |
| <b>Current Levy Collection Percentage</b> |                               |             | <u>97.38%</u>         | <u>97.30%</u>   | <u>98.79%</u>                            |

## STATISTICAL SECTION

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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)

|   | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Governmental activities                     |               |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets            | \$ 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  | \$ 7,591,841  |
| Restricted                                  | 296,421       | 227,776       | 264,994       | 248,102       | 274,788       | 227,667       | 269,764       | 288,263       | 264,677       | 453,580       |
| Unrestricted                                | 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     | 2,494,348     |
| Total governmental activities net position  | \$ 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 | \$ 10,539,769 |
| Business-type activities                    |               |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets            | \$ 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  | \$ 4,222,221  |
| Unrestricted                                | 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     | 1,934,549     |
| Total business-type activities net position | \$ 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  | \$ 6,156,770  |
| Primary government                          |               |               |               |               |               |               |               |               |               |               |
| Net investment in capital assets            | \$ 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 | \$ 11,814,062 |
| Restricted                                  | 296,421       | 227,776       | 264,994       | 248,032       | 274,788       | 227,667       | 269,764       | 288,263       | 264,677       | 453,580       |
| Unrestricted                                | 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     | 4,428,897     |
| Total primary government net position       | \$ 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 | \$ 16,696,539 |

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

|   | 2011                | 2012                | 2013                | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                | 2020                |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Expenses</b>                                 |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Governmental activities:                        |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General Government                              | \$ 478,688          | \$ 479,242          | \$ 548,043          | \$ 355,026          | \$ 404,990          | \$ 693,429          | \$ 476,496          | \$ 668,623          | \$ 504,337          | \$ 592,437          |
| Public Safety                                   | 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           | 1,059,402           |
| Transportation                                  | 520,452             | 576,194             | 579,476             | 605,523             | 600,032             | 300,884             | 662,024             | 696,782             | 671,251             | 691,168             |
| Parks & Recreation                              | 16,280              | 15,958              | 15,394              | 28,746              | 25,180              | 26,030              | 47,307              | 132,570             | 212,816             | 152,938             |
| Interest on long-term debt                      | 53,576              | 49,757              | 37,510              | 37,213              | 15,205              | 14,376              | 15,159              | 11,288              | 5,143               | 1,193               |
| Total governmental activities expenses          | <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>    | <u>2,497,138</u>    |
| Business-type activities:                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Sewer   | 587,592             | 653,658             | 694,878             | 736,366             | 728,258             | 768,796             | 764,762             | 818,900             | 821,726             | 893,146             |
| Festival Grounds                                | 238,046             | 276,079             | 202,090             | 154,437             | 113,660             | 134,030             | -                   | -                   | -                   | -                   |
| Total business-type activities                  | <u>825,638</u>      | <u>929,737</u>      | <u>896,968</u>      | <u>890,803</u>      | <u>841,918</u>      | <u>902,826</u>      | <u>764,762</u>      | <u>818,900</u>      | <u>821,726</u>      | <u>893,146</u>      |
| Total primary governmental expenses             | <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> | <u>\$ 3,390,284</u> |
| <b>Program Revenues</b>                         |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Governmental activities:                        |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Charges for services:                           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General Government                              | \$ 3,935            | \$ 1,830            | \$ 3,024            | \$ 3,220            | \$ 2,580            | \$ 2,175            | \$ 40,909           | \$ 3,640            | \$ 4,330            | \$ 1,420            |
| Public Safety                                   | 2,661               | 3,799               | 2,780               | 5,935               | 11,306              | 8,193               | 11,862              | 20,080              | 19,132              | 24,463              |
| Transportation                                  | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 87,948              | 83,962              | 85,896              |
| Parks and Recreation                            | -                   | -                   | -                   | -                   | -                   | -                   | -                   | 43,673              | 30,155              | 18,720              |
| Operating grants and contributions              | 86,386              | 119,375             | 456,972             | 143,325             | 101,547             | 133,708             | 119,510             | 97,126              | 132,706             | 241,030             |
| Capital grants and contributions                | 2,745,649           | 26,199              | 10,000              | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Total governmental activities program revenues  | <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>      | <u>371,529</u>      |
| Business-type activities:                       |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Charges for services:                           |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Sewer   | 708,181             | 643,958             | 618,731             | 664,737             | 723,683             | 755,697             | 892,224             | 923,729             | 953,507             | 984,139             |
| Festival Grounds                                | 41,191              | 53,144              | 30,733              | 40,799              | 24,761              | 31,869              | -                   | -                   | 2,740               | -                   |
| Operating grants and contributions              | 113,022             | 142,950             | 99,531              | 46,540              | -                   | -                   | -                   | 5,000               | -                   | -                   |
| Capital grants and contributions                | 42,638              | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| Total business-type activities program revenues | <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>      | <u>984,139</u>      |
| Total primary governmental program revenues     | <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> | <u>\$ 1,355,668</u> |
| Net (expense)/revenue                           | \$ 694,678          | \$ (2,012,975)      | \$ (1,624,385)      | \$ (1,904,792)      | \$ (1,947,139)      | \$ (1,922,431)      | \$ (2,220,607)      | \$ (2,067,898)      | \$ (2,154,191)      | \$ (2,125,609)      |
| Governmental activities                         | 79,394              | (89,685)            | (147,973)           | (138,727)           | (93,474)            | (115,260)           | 127,462             | 109,829             | 134,521             | 90,993              |
| Business-type activities                        | \$ 774,072          | \$ (2,102,660)      | \$ (1,772,358)      | \$ (2,043,519)      | \$ (2,040,613)      | \$ (2,037,691)      | \$ (2,093,145)      | \$ (1,958,069)      | \$ (2,019,670)      | \$ (2,034,616)      |
| Total primary governmental net expense          |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |

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

|   | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>General Revenues and Other Changes in Net Position</b> |              |              |              |              |              |              |              |              |              |              |
| Governmental activities:                                  |              |              |              |              |              |              |              |              |              |              |
| Taxes   |              |              |              |              |              |              |              |              |              |              |
| Property taxes  | \$ 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 | \$ 1,768,387 |
| Local option sales tax                                    | 319,849      | 253,592      | 252,690      | 266,995      | 304,362      | 328,945      | 344,957      | 371,660      | 412,728      | 435,486      |
| License   | 24,718       | 23,785       | 38,775       | 13,992       | 9,732        | 6,193        | 7,560        | 660          | 675          | 450          |
| Franchise   | 186,449      | 152,166      | 142,989      | 150,670      | 197,878      | 218,757      | 207,868      | 207,010      | 212,676      | 207,420      |
| Disposal tax  | 1,076        | 862          | 566          | 683          | 795          | 806          | 863          | 929          | 988          | 1,098        |
| Unrestricted intergovernmental revenues                   | 7,061        | 5,009        | 4,683        | 14,363       | 23,217       | 24,002       | 66,961       | 21,094       | 31,361       | 31,737       |
| Unrestricted investment earnings                          | 10,090       | 5,871        | 4,798        | 3,912        | 4,931        | 9,201        | 16,302       | 30,364       | 57,391       | 52,085       |
| Miscellaneous   | -            | -            | 9,500        | 8,833        | 12,564       | 167,298      | 123,960      | 87,293       | 57,295       | 100,409      |
| Transfers   | (72,855)     | (84,249)     | (166,827)    | (160,850)    | (50,100)     | 704,520      | -            | -            | -            | -            |
| Total governmental activities                             | 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    | 2,597,072    |
| Total business-type activities                            |              |              |              |              |              |              |              |              |              |              |
| Unrestricted investment earnings                          | 10,138       | 5,171        | 3,448        | 2,868        | 2,968        | 3,916        | 5,663        | 11,109       | 19,481       | 30,649       |
| Miscellaneous   | 60,482       | 57,140       | 43,204       | 36,484       | 13,875       | 16,000       | -            | -            | -            | 9,500        |
| Transfers   | 72,855       | 84,249       | 166,827      | 160,850      | 50,100       | (704,520)    | -            | -            | -            | -            |
| Total business-type activities                            | 143,475      | 146,560      | 213,479      | 200,202      | 66,943       | (684,504)    | 5,663        | 11,109       | 19,481       | 40,149       |
| Total primary government                                  | \$ 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 | \$ 2,637,221 |
| <b>Change in Net Position</b>                             |              |              |              |              |              |              |              |              |              |              |
| Governmental activities                                   | 3,001,552    | 85,086       | 241,816      | 9,947        | 187,139      | 1,247,712    | 155,348      | 338,398      | 348,490      | 471,463      |
| Business-type activities                                  | 222,869      | 56,875       | 65,506       | 61,475       | (26,531)     | (799,864)    | 133,125      | 120,938      | 154,002      | 131,142      |
| Total primary government                                  | \$ 3,224,421 | \$ 141,961   | \$ 307,322   | \$ 71,422    | \$ 160,608   | \$ 447,848   | \$ 288,473   | \$ 459,336   | \$ 502,492   | \$ 602,605   |

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

| <b>Fiscal Year</b> | <b>Property Tax</b> | <b>Sales Tax</b> | <b>Franchise Tax</b> | <b>Alcoholic Beverage Tax</b> | <b>Disposal Tax</b> | <b>Occupancy Tax</b> | <b>Total</b> |
|--------------------|---------------------|------------------|----------------------|-------------------------------|---------------------|----------------------|--------------|
| 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    |
| 2020               | 1,768,387           | 435,486          | 207,420              | 6,237                         | 1,098               | 53,000               | 2,471,628    |

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

|   | 2011               | 2012               | 2013               | 2014               | 2015               | 2016               | 2017               | 2018               | 2019               | 2020               |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Fund                              |                    |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Non-spendable                             | \$ 20,821          | \$ 26,155          | \$ 15,169          | \$ 16,841          | \$ 31,686          | \$ 38,100          | \$ 22,280          | \$ 13,592          | \$ 7,799           | \$ 28,935          |
| Restricted                                | 296,421            | 225,818            | 264,994            | 248,102            | 274,788            | 226,625            | 269,694            | 283,788            | 264,675            | 453,580            |
| Committed                                 | 6,957              | 6,957              | 6,957              | 6,957              | 6,957              | 6,957              | 6,957              | 6,957              | 6,957              | 126,957            |
| Assigned                                  | -                  | -                  | -                  | -                  | 27,761             | -                  | 174,380            | -                  | 165,331            | 72,552             |
| 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          | 3,020,048          |
| <b>Total General Fund</b>                 | <b>\$2,050,605</b> | <b>\$1,987,217</b> | <b>\$2,089,325</b> | <b>\$2,188,814</b> | <b>\$2,452,289</b> | <b>\$2,677,871</b> | <b>\$2,673,175</b> | <b>\$2,901,153</b> | <b>\$3,192,944</b> | <b>\$3,702,072</b> |
| 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)                | -                  | -                  | -                  | -                  |
| <b>Total all other governmental funds</b> | <b>\$ 7,893</b>    | <b>\$ 91,054</b>   | <b>\$ -</b>        | <b>\$ -</b>        | <b>\$ -</b>        | <b>\$ 1,034</b>    | <b>\$ 161,021</b>  | <b>\$ 5,713</b>    | <b>\$ 4,546</b>    | <b>\$ -</b>        |

(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)**

|   | 2011              | 2012             | 2013             | 2014             | 2015              | 2016              | 2017              | 2018             | 2019              | 2020              |
|---|-------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| <b>Revenues</b>   |                   |                  |                  |                  |                   |                   |                   |                  |                   |                   |
| Ad valorem taxes  | \$ 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      | \$ 1,788,885      |
| Other tax and license                                     | 532,092           | 430,405          | 444,520          | 441,173          | 525,331           | 721,999           | 685,208           | 667,552          | 684,362           | 705,300           |
| Unrestricted intergovernmental revenues                   | 7,061             | 5,009            | 4,683            | 14,363           | 23,217            | 24,002            | 66,961            | 21,094           | 31,361            | 31,737            |
| Restricted intergovernmental revenues                     | 2,807,936         | 100,474          | 113,445          | 95,973           | 61,373            | 64,857            | 67,916            | 46,816           | 71,038            | 107,247           |
| Permits & fees  | 2,661             | 3,799            | 2,780            | 5,935            | 11,306            | 8,193             | 11,862            | 20,080           | 19,132            | 24,463            |
| Sales & service   | 3,935             | 1,830            | 3,024            | 3,220            | 2,580             | 2,175             | 40,909            | 135,261          | 118,447           | 106,036           |
| Investment earnings                                       | 10,090            | 5,871            | 4,798            | 3,912            | 4,931             | 9,201             | 16,302            | 30,364           | 57,391            | 52,085            |
| Miscellaneous   | 24,099            | 45,100           | 353,527          | 47,352           | 95,798            | 124,475           | 25,960            | 50,310           | 61,668            | 133,783           |
| <b>Total revenues</b>                                     | <b>5,275,022</b>  | <b>2,343,290</b> | <b>2,515,148</b> | <b>2,206,155</b> | <b>2,401,521</b>  | <b>2,551,027</b>  | <b>2,592,651</b>  | <b>2,703,247</b> | <b>2,756,466</b>  | <b>2,949,536</b>  |
| <b>Expenditures</b>                                       |                   |                  |                  |                  |                   |                   |                   |                  |                   |                   |
| General government  | 404,707           | 428,313          | 404,733          | 318,729          | 476,041           | 894,890           | 598,042           | 611,389          | 460,013           | 615,400           |
| Public safety   | 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         | 998,720           |
| Transportation  | 469,906           | 430,806          | 447,678          | 476,254          | 462,406           | 441,582           | 582,825           | 577,967          | 604,183           | 675,855           |
| Parks and recreation                                      | 12,133            | 11,811           | 11,490           | 16,180           | 13,437            | 184,992           | 35,417            | 147,229          | 196,018           | 134,545           |
| Capital outlay  | 2,798,068         | 131,060          | 107,373          | -                | -                 | -                 | -                 | -                | -                 | -                 |
| Debt service  |                   |                  |                  |                  |                   |                   |                   |                  |                   |                   |
| Principal repayments                                      | 177,607           | 162,564          | 408,400          | 701,653          | 152,387           | 219,781           | 220,268           | 365,865          | 189,542           | 59,991            |
| Interest  | 53,576            | 49,757           | 37,510           | 37,213           | 15,205            | 14,376            | 15,159            | 11,288           | 5,143             | 1,193             |
| <b>Total expenditures</b>                                 | <b>4,948,003</b>  | <b>2,239,268</b> | <b>2,337,267</b> | <b>2,552,780</b> | <b>2,164,638</b>  | <b>2,758,876</b>  | <b>2,563,238</b>  | <b>2,630,577</b> | <b>2,465,842</b>  | <b>2,485,704</b>  |
| Excess of revenues over (under) expenditures              | 327,019           | 104,022          | 177,881          | (346,625)        | 236,883           | (207,849)         | 29,413            | 72,670           | 290,624           | 463,832           |
| <b>Other Financing Sources (Uses)</b>                     |                   |                  |                  |                  |                   |                   |                   |                  |                   |                   |
| Proceeds from installment purchase                        | 44,262            | 282,842          | -                | 606,964          | 76,692            | 377,222           | 100,244           | -                | -                 | -                 |
| Transfers   | (72,855)          | (367,091)        | (166,827)        | (160,850)        | (50,100)          | 57,243            | -                 | -                | -                 | -                 |
| Sale of capital assets                                    | -                 | -                | -                | -                | -                 | -                 | 25,634            | -                | -                 | 40,750            |
| Total other financing sources (uses)                      | (28,593)          | (84,249)         | (166,827)        | 446,114          | 26,592            | 434,465           | 125,878           | -                | -                 | 40,750            |
| <b>Net change in fund balances</b>                        | <b>\$ 298,426</b> | <b>\$ 19,773</b> | <b>\$ 11,054</b> | <b>\$ 99,489</b> | <b>\$ 263,475</b> | <b>\$ 226,616</b> | <b>\$ 155,291</b> | <b>\$ 72,670</b> | <b>\$ 290,624</b> | <b>\$ 504,582</b> |
| Debt services as a percentage of non-capital expenditures | 11.1%             | 10.4%            | 20.3%            | 30.0%            | 8.3%              | 11.4%             | 10.4%             | 16.1%            | 8.5%              | 2.8%              |

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

| <b>Fiscal Year Ended</b> | <b>Real Property</b> | <b>Personal Property</b> | <b>Public Svc Co. Property</b> | <b>Motor Vehicle</b> | <b>Less: Tax Exempt Property</b> | <b>Total Taxable Assessed Value</b> | <b>Total Direct Tax Rate</b> |
|--------------------------|----------------------|--------------------------|--------------------------------|----------------------|----------------------------------|-------------------------------------|------------------------------|
| 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                         |
| 2020                     | 366,781,919          | 23,037,685               | 3,389,201                      | 22,545,278           | (3,591,702)                      | 412,162,381                         | 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**

| <b>Year</b> | <b>Haywood<br/>County</b> | <b>Town of<br/>Maggie Valley</b> | <b>Fire<br/>District</b> |
|-------------|---------------------------|----------------------------------|--------------------------|
| 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                     |
| 2020        | 0.585                     | 0.43                             | 0.06                     |

Source: Haywood County and Maggie Valley Tax Departments



Town of Maggie Valley  
Principal Property Taxpayers  
June 30, 2020

| Taxpayer                     | 2020                   |      |  | 2011                   |      |  |
|------------------------------|------------------------|------|--|------------------------|------|--|
|                              | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Maggie Valley Resort LLC     | \$ 8,047,022           |      | 1.95%                                      | \$ 17,772,970          | 1    | 4.30%                                      |
| MVRE LLC A NC LLC            | 5,944,600              |      | 1.44%                                      | 8,227,167              | 2    | 1.99%                                      |
| LULA LLC                     | 3,915,932              |      | 0.95%                                      | 5,189,720              | 3    | 1.25%                                      |
| Peppertree Resort            | 3,450,168              |      | 0.84%                                      | 4,330,890              | 4    | 1.05%                                      |
| Dale Walksler                | 3,332,500              |      | 0.81%                                      | 3,911,115              | 5    | 0.95%                                      |
| Twinbrooks Resort Inc        | 3,032,700              |      | 0.74%                                      | 3,803,270              | 6    | 0.92%                                      |
| Zambito Enterprises Inc      | 2,841,522              |      | 0.69%                                      | 2,602,689              | 7    | 0.63%                                      |
| Duke Energy Progress Inc     | 2,775,958              |      | 0.67%                                      | 2,495,250              | 8    | 0.60%                                      |
| DAHI Inc                     | 2,536,929              |      | 0.62%                                      | 2,383,685              | 9    | 0.58%                                      |
| Kyle Edwards                 | 2,605,107              |      | 0.63%                                      | 2,305,100              | 10   | 0.56%                                      |
| Totals                       | \$ 38,482,438          |      | <u>9.34%</u>                               | \$ 53,021,856          |      | <u>12.82%</u>                              |
| Total Taxable Assessed Value | \$ 412,162,381         |      |  | \$ 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**

| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b>Total<br/>Levy for<br/>Fiscal Year</b> | <b>Collected within the<br/>Fiscal Year of the Levy</b> |                               | <b>Collections<br/>in Subsequent<br/>Years</b> | <b>Total Collections to Date</b> |                               |
|--|---|---|-------------------------------|--|----------------------------------|-------------------------------|
|  |   | <b>Amount</b>   | <b>Percentage<br/>of Levy</b> |  | <b>Amount</b>                    | <b>Percentage<br/>of Levy</b> |
| 2011                                     | 1,797,477                                 | 1,715,571   | 95.44%                        | 108  | 1,715,679                        | 95.45%                        |
| 2012                                     | 1,720,154                                 | 1,637,992   | 95.22%                        | 16   | 1,638,008                        | 95.22%                        |
| 2013                                     | 1,586,046                                 | 1,512,825   | 95.38%                        | 322  | 1,513,147                        | 95.40%                        |
| 2014                                     | 1,617,056                                 | 1,532,770   | 94.79%                        | 7  | 1,532,777                        | 94.79%                        |
| 2015                                     | 1,604,854                                 | 1,551,443   | 96.67%                        | 31   | 1,551,474                        | 96.67%                        |
| 2016                                     | 1,614,072                                 | 1,545,669   | 95.76%                        | 3,323  | 1,548,992                        | 95.97%                        |
| 2017                                     | 1,634,537                                 | 1,587,945   | 97.15%                        | 644  | 1,588,589                        | 97.19%                        |
| 2018                                     | 1,703,061                                 | 1,673,918   | 98.29%                        | 1,358  | 1,675,276                        | 98.37%                        |
| 2019                                     | 1,741,560                                 | 1,680,396   | 96.49%                        | 50,640   | 1,731,036                        | 99.40%                        |
| 2020                                     | 1,776,810                                 | 1,730,243   | 97.38%                        | -  | 1,730,243                        | 97.38%                        |

**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 |           |                    |                               |                           |
| 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%              | 2,139                         |                           |
| 2016        | -                       | 735,422               | -              | -                        | 1,973,200              | 2,708,622 | 1.28%              | 2,101                         |                           |
| 2017        | -                       | 615,398               | -              | -                        | 1,813,251              | 2,428,649 | 1.45%              | 1,884                         |                           |
| 2018        | -                       | 249,533               | -              | -                        | 1,629,606              | 1,879,139 | 2.00%              | 1,360                         |                           |
| 2019        | -                       | 59,991                | -              | -                        | 1,466,646              | 1,528,656 | 2.33%              | 1,077                         |                           |
| 2020        | -                       | -                     | -              | -                        | 1,303,686              | 1,303,686 | 3.09%              | 899                           |                           |

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, 2020**

| <b>Governmental Unit</b>          | <b>Debt<br/>Outstanding</b> | <b>Estimated<br/>Percentage<br/>Applicable (1)</b> | <b>Estimated<br/>Share of<br/>Overlapping<br/>Debt</b> |
|-----------------------------------|-----------------------------|--|--|
| Haywood County                    | \$ 37,162,507               | 5.33%  | \$ 1,980,762   |
| Subtotal, overlapping debt        |                             |  | 1,980,762  |
| Town of Maggie Valley direct debt |                             |  | -  |
| Total direct and overlapping debt |                             |  | \$ 1,980,762   |

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**

|   | 2011          | 2012          | 2013          | 2014           | 2015          | 2016          | 2017          | 2018          | 2019          | 2020          |
|---|---------------|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt limit  | \$ 32,872,513 | \$ 31,539,917 | \$ 32,490,637 | \$ 33,145,774  | \$ 32,855,807 | \$ 33,052,806 | \$ 33,476,306 | \$ 31,631,501 | \$ 32,972,990 | \$ 32,972,990 |
| Total net debt applicable to limit                                      | 1,319,329     | 1,156,765     | 748,365       | 653,676        | 577,981       | 735,422       | 615,398       | 249,533       | 59,991        | -             |
| Legal debt margin   | \$ 31,553,184 | \$ 30,383,152 | \$ 31,742,272 | \$ 32,492,098  | \$ 32,277,826 | \$ 32,317,384 | \$ 32,860,908 | \$ 31,381,968 | \$ 32,912,999 | \$ 32,972,990 |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 4.01%         | 3.67%         | 2.30%         | 1.97%          | 1.76%         | 2.22%         | 1.84%         | 0.79%         | 0.18%         | 0.00%         |
| Assessed Value  |               |               |               | \$ 412,162,381 |               |               |               |               |               |               |
| Add back: Exempt real property  |               |               |               | -              |               |               |               |               |               |               |
| Total Assessed Value  |               |               |               | \$ 412,162,381 |               |               |               |               |               |               |
| Debt Limit (8% of total assessed value)                                 |               |               |               | \$ 32,972,990  |               |               |               |               |               |               |
| Debt Applicable to limit:   |               |               |               |                |               |               |               |               |               |               |
| Less: amount set aside for repayment of<br>general obligation debt      |               |               |               | -              |               |               |               |               |               |               |
| Legal Debt Margin   |               |               |               | \$ 32,972,990  |               |               |               |               |               |               |

**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 (1) |                                |                       |                                      |
| 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      | 40,290              | 49,800              | 382                            | 3.9                   |                                      |
| 2020        | 1,450      | *                   | *                   | 380                            | 8.9                   |                                      |

(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                            | 2020                    |                                  | 2011                    |                                  |
|-------------------------------------|-------------------------|----------------------------------|-------------------------|----------------------------------|
|                                     | Number of Employees (1) | % of Total County Employment (2) | Number of Employees (1) | % of Total County Employment (2) |
| Haywood County Consolidated Schools | 1,220                   | 4.64%                            | 1,500                   | 5.97%                            |
| Evergreen Packaging                 | 1,000                   | 3.81%                            | 1,136                   | 4.52%                            |
| Dip Partner Medwest LLC             | 934                     | 3.55%                            | 1,024                   | 4.07%                            |
| Ingles Markets, Inc                 | 566                     | 2.15%                            | 436                     | 1.73%                            |
| Consolidated Metco Inc              | 565                     | 2.15%                            | 234                     | 0.93%                            |
| Haywood County Government           | 564                     | 2.15%                            | 587                     | 2.34%                            |
| Haywood Vocational Opportunities    | 475                     | 1.81%                            | 343                     | 1.36%                            |
| Wal-Mart Associates Inc             | 350                     | 1.33%                            | 390                     | 1.55%                            |
| Town of Waynesville                 | 249                     | 0.95%                            | 232                     | 0.92%                            |
| Haywood Community College           | 240                     | 0.91%                            | 492                     | 1.96%                            |
| <b>Totals</b>                       | <b>6,163</b>            | <b>23.45%</b>                    | <b>6,374</b>            | <b>25.36%</b>                    |

Total County Employment

26,279

25,139

(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**

| <b>Function</b>       | <b>2011</b> | <b>2012</b> | <b>2013</b> | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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           | 5           | 5           | 5           | 5           |
| Festival Grounds      | -           | 1           | 1           | -           | -           | -           | -           | -           | -           | -           |
| Waste Water Treatment | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| <b>Total</b>          | <u>22</u>   | <u>23</u>   | <u>23</u>   | <u>22</u>   | <u>22</u>   | <u>22</u>   | <u>23</u>   | <u>23</u>   | <u>23</u>   | <u>23</u>   |

Source  
Various Town Departments



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

| Function                             | 2011   | 2012   | 2013   | 2014   | 2015   | 2016  | 2017  | 2018  | 2019  | 2020   |
|--------------------------------------|--------|--------|--------|--------|--------|-------|-------|-------|-------|--------|
| Law Enforcement                      |        |        |        |        |        |       |       |       |       |        |
| Physical arrests                     | 260    | 258    | 211    | 182    | 308    | 267   | 310   | 343   | 270   | 166    |
| Traffic violations                   | 1,133  | 1,234  | 876    | 518    | 1,090  | 1,181 | 1,567 | 1,468 | 1,324 | 1,018  |
| Refuse Collection                    |        |        |        |        |        |       |       |       |       |        |
| Refuse collected (tons per day)      | 6.31   | 7.75   | 7.41   | 8.44   | 7.46   | 8.94  | 9.53  | 9.58  | 10.23 | 10.48  |
| Recyclables collected (tons per day) | 1.64   | 1.10   | 1.16   | 1.46   | 1.77   | 1.81  | 2.10  | 2.53  | 2.08  | 2.32   |
| Other Public Works                   |        |        |        |        |        |       |       |       |       |        |
| Streets resurfing (miles)            | -      | 0.04   | 0.05   | 0.15   | 1.28   | -     | 0.06  | 0.30  | 0.35  | -      |
| Potholes repaired                    | 120.00 | 120.00 | 150.00 | 140.00 | 105.00 | 95.00 | 80.00 | 90.00 | 90.00 | 110.00 |
| Waste Water Treatment                |        |        |        |        |        |       |       |       |       |        |
| Average daily sewage treatment       | 0.260  | 0.260  | 0.340  | 0.290  | 0.270  | 0.330 | 0.326 | 0.326 | 0.471 | 0.402  |

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                                  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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  | 6.66  | 6.67  | 6.67  | 6.67  | 6.67  | 6.67  |
| highways (miles)                          | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     | 5     |
| street lights                             | 286   | 286   | 286   | 286   | 286   | 286   | 286   | 286   | 286   | 286   |
| traffic Signals                           | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| Parks and Recreation                      |       |       |       |       |       |       |       |       |       |       |
| acreage                                   | 11.63 | 11.63 | 11.63 | 11.63 | 11.63 | 13.15 | 13.15 | 13.15 | 13.15 | 13.15 |
| playgrounds                               | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     | 2     |
| community centers                         | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Waste Water Treatment                     |       |       |       |       |       |       |       |       |       |       |
| sanitary sewer (miles)                    | 47.1  | 47.1  | 47.1  | 47.2  | 47.3  | 47.5  | 47.5  | 47.5  | 47.5  | 47.5  |
| treatment capacity (thousands of gallons) | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |

Sources: Various Town departments

## **COMPLIANCE SECTION**

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

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

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

### **Independent Auditor's Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Maggie Valley, North Carolina, as of and for the year ended June 30, 2020, 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 2, 2020. Our report includes a reference to other auditors who audited the financial statements of the Town of Maggie Valley ABC Board, as described in our report on the Town of Maggie Valley's financial statements. The financial statements of the Town of Maggie Valley ABC Board were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Town of Maggie Valley ABC Board.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 2020-001 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 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 2, 2020

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2020**

**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, 2020

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

#### Significant Deficiency

##### Finding 2020-001 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. During the majority of the fiscal year, a single individual had the ability to prepare, post, and approve journal entries. However, another individual reviewed and approved all journal entries prior to posting. The Town implemented new accounting software during the fiscal year 2020, which enabled the Town to eliminate one individual being able to prepare, post and approve journal entries.

**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, 2019-001.

**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 implemented a new accounting software during the fiscal year 2020, which enabled the Town to eliminate one individual being able to prepare, post and approve journal entries.

**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 97 in this audit report.





Shayne Wheeler  
Finance Officer  
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## **CORRECTIVE ACTION PLAN**

### **Significant Deficiency**

#### **Finding 2020-001 Segregation of Duties**

**Name of Contact Person:** Shayne Wheeler, Finance Officer

**Corrective Action:** The Town implemented new accounting software during fiscal year 2020, which enabled the Town to eliminate one individual being able to prepare, post and approve journal entries.

**Proposed Completion Date:** The Board will implemented the above procedure June 1, 2020.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020**

**Finding 2019-001:**

**Status:** Modified and repeated as Finding 2020-001