

**TOWN OF MAGGIE VALLEY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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**Prepared by Finance Department
Finance Director: Autumn Lyvers**

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2022

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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 Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, 2022, 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.

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 relates to the amounts included for the Town of Maggie Valley ABC Board, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Town of Maggie Valley ABC Board were not audited in accordance with *Government Auditing Standards*.

Change in Accounting Principle

As discussed in Note 4 to the financial statements, in 2022, the Town adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 Governmental 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-Employee Payroll be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Maggie Valley's basic financial statements. The individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit and the report of the other auditors, the individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2022 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 and 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 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 24, 2022

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2022

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, 2022. 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.

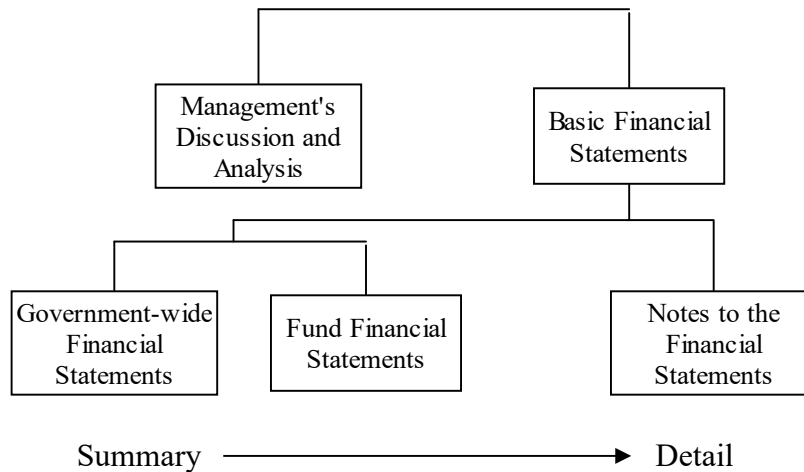
Financial Highlights

- 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 \$18,393,182.
- The government's total net position increased by \$994,555 primarily due to increases in the governmental-type activities net position.
- As of the close of the current fiscal year, the Town of Maggie Valley's governmental funds reported a combined ending fund balance of \$4,935,526 with a net change of \$869,365. Approximately 11.63% of this total amount, or \$574,170, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,994,399 or 151.08%, of total General Fund expenditures and transfers out for the fiscal year.
- The Town of Maggie Valley's total debt decreased by \$162,960 (14.3%) 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 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 ARP grant 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, 2022 and 2021
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Assets:						
Current and other assets	\$5,366,763	\$4,236,977	\$2,666,211	\$2,330,284	\$8,032,974	\$ 6,567,261
Capital assets	<u>7,559,260</u>	<u>7,714,897</u>	<u>5,153,972</u>	<u>5,340,403</u>	<u>12,713,232</u>	<u>13,055,300</u>
Total Assets	\$12,926,023	\$11,951,874	\$7,820,183	\$7,670,687	\$20,746,206	\$19,622,561
Deferred outflows of resources						
Pension Deferral	460,910	306,518	88,201	52,629	549,111	359,147
OPEB Deferral	<u>65,651</u>	<u>31,035</u>	<u>15,400</u>	<u>7,280</u>	<u>81,051</u>	<u>38,315</u>
Total deferred outflows of resources	526,561	337,553	103,601	59,909	630,162	397,462
Liabilities:						
Long-term liabilities outstanding	940,192	1,034,514	928,768	1,121,989	1,868,960	2,156,503
Other liabilities	<u>452,069</u>	<u>169,344</u>	<u>213,042</u>	<u>197,433</u>	<u>665,111</u>	<u>366,777</u>
Total Liabilities	1,392,261	1,203,858	1,141,810	1,319,422	2,534,071	2,523,280
Deferred inflows of resources						
Pension Deferrals	328,122	76,923	71,528	4,879	399,650	81,802
OPEB Deferrals	33,969	9,853	7,968	2,311	41,937	12,164
Prepaid taxes	<u>7,528</u>	<u>4,150</u>	<u>-</u>	<u>-</u>	<u>7,528</u>	<u>4,150</u>
Total deferred inflows of resources	369,619	90,926	79,496	7,190	449,115	98,116
Net Position:						
Net Investment in capital assets	7,559,251	7,714,897	4,176,206	4,199,677	11,735,457	11,914,574
Restricted	558,527	349,155	-	-	558,527	349,155
Unrestricted	<u>3,572,926</u>	<u>2,930,591</u>	<u>2,526,272</u>	<u>2,204,307</u>	<u>6,099,198</u>	<u>5,134,898</u>
Total net position	<u>\$ 11,690,704</u>	<u>\$ 10,994,643</u>	<u>\$ 6,702,478</u>	<u>\$ 6,403,984</u>	<u>\$ 18,393,182</u>	<u>\$ 17,398,627</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 \$18,393,182 as of June 30, 2022. The Town's net position increased by \$994,555 for the fiscal year ended June 30, 2022. However, the largest portion (63.80%) 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, \$558,527, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,099,198 is unrestricted.

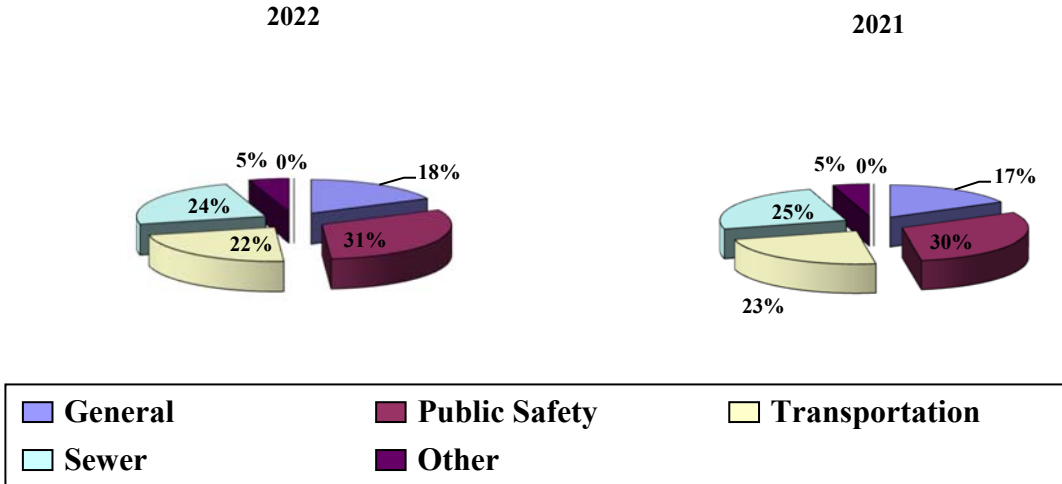
Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Maintained a 98.52% collection rate in property tax. An increase of .47%
- Property tax revenue increased \$273,733 from the prior year.
- Local option sales tax increased \$157,047 from the prior year.
- No new debt issued

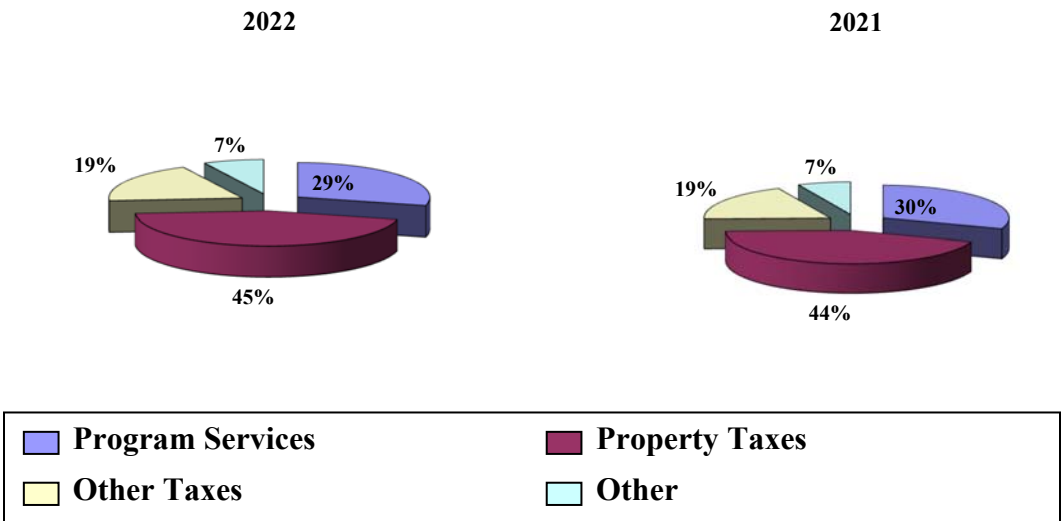
**Town of Maggie Valley Changes in Net Position
For the Years Ended June 30, 2022 and 2021
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program revenues:						
Charges for services	\$ 184,978	\$ 177,930	\$ 1,167,105	\$ 1,072,910	\$ 1,352,083	\$ 1,250,840
Operating grants and contributions	79,439	63,436	-	-	79,439	63,436
General revenues:						
Property taxes	2,089,794	1,812,646	-	-	2,089,794	1,812,646
Other taxes	882,948	763,494	-	-	882,948	763,494
Grants and contributions, not restricted to specific programs	253,917	147,863	-	-	253,917	147,863
Other	3,890	52,685	3,915	13,155	7,805	65,840
Total revenues	<u>3,494,966</u>	<u>3,018,054</u>	<u>1,171,020</u>	<u>1,086,065</u>	<u>4,665,986</u>	<u>4,104,119</u>
Expenses:						
General government	652,201	582,041	-	-	652,201	582,041
Public safety	1,142,831	1,036,132	-	-	1,142,831	1,036,132
Transportation	819,988	787,059	-	-	819,988	787,059
Parks and recreation	183,856	157,948	-	-	183,856	157,948
Interest on long-term debt	29	-	-	-	29	-
Sewer Fund	-	-	872,526	838,851	872,526	838,851
Total expenses	<u>2,798,905</u>	<u>2,563,180</u>	<u>872,526</u>	<u>838,851</u>	<u>3,671,431</u>	<u>3,402,031</u>
Change in net position	696,061	454,874	298,494	247,214	994,555	702,088
Net Position:						
Beginning of year	<u>10,994,643</u>	<u>10,539,769</u>	<u>6,403,984</u>	<u>6,156,770</u>	<u>17,398,627</u>	<u>16,696,539</u>
End of year - June 30	<u>\$ 11,690,704</u>	<u>\$ 10,994,643</u>	<u>\$ 6,702,478</u>	<u>\$ 6,403,984</u>	<u>\$ 18,393,182</u>	<u>\$ 17,398,627</u>

Government-Wide Expenses
Figure 4



Government-Wide Revenues
Figure 5



Governmental Activities. Governmental activities increased the Town's net position by \$696,061, thereby accounting for 69.99% 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 \$157,047 or 31.02%
- Increase in property tax by \$273,733 or 15.0%
- Increase in intergovernmental revenues received from the ABC Board per profit distribution guidelines, \$106,419

Business-Type Activities. Business-type activities increased the Town of Maggie Valley's net position by \$298,494, accounting for 30.01% of the total increase in the government's net position. Key elements of this increase are as follows:

- Increase in Sewer User Fees of approximately \$116,500: Campground minimums increased by 10%, other fees increased by 6.25%.

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 \$4,445,990, while total fund balance reached \$4,935,526. The Town currently has available fund balance of 168.16% of general fund expenditures and transfers out, while total fund balance represents 186.67% of the same amount.

At June 30, 2022, the governmental funds of the Town of Maggie Valley reported a fund balance of \$4,935,526 with a net increase in fund balance of \$869,365. Included in this change in fund balance is an increase in fund balance for the General Fund. As discussed earlier in connection with governmental activities, the increase was due to increased revenues from local sales tax, property tax, and intergovernmental revenues.

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 \$255,822.

The major increases are due to the following:

- Increase budget for professional services needed to develop a Land Use Plan Update and Comprehensive Plan - \$77,050.
- Mid-year salary increases - \$54,789.
- Increased Powell Bill budget for the Spring Lake Road project- \$50,773.
- 2020/2021 Encumbrance - \$18,450. The Town had several outstanding projects that carried over into fiscal year 2021-2022 including a waterfall design project and the final phases of a financial software upgrade.
- Increase budget for purchase of new Police Department server due to increased cost - \$12,705.
- Purchase a new playground slide for the Town Hall community playground - \$7,982.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to \$2,526,272. The total change in net position for the Sewer Fund was \$298,494. 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, 2022, totals \$12,713,232 (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:

- Completed Powell Bill Spring Lake Road Restoration Project \$50,773
- Purchased new Police Department Server \$34,516
- Purchased 2021 Dodge Charger \$28,474
- Purchased 2022 Dodge Charger \$30,575
- Attained new K-9 Officer Charlie \$9,000
- Replaced Playground Slide \$7,982
- Purchased Salt Bin for Public Works \$5,127
- Began construction on new Veterans Park \$12,764

Town of Maggie Valley's Capital Assets
(Net of depreciation)
June 30, 2022 and 2021
Figure 6

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 2,361,804	\$ 2,361,804	\$ 125,250	\$ 125,250	\$ 2,487,054	\$ 2,487,054
Construction in Progress	12,764	-	-	-	12,764	-
Buildings and systems	3,230,272	3,230,272	8,234,496	8,234,496	11,464,768	11,464,768
Improvements other than buildings	304,576	299,449	139,780	139,780	444,356	439,229
Machinery and equipment	1,001,288	949,791	242,448	242,448	1,243,736	1,192,239
Infrastructure	4,344,128	4,293,355	-	-	4,344,128	4,293,355
Vehicles	670,424	611,374	75,296	75,296	745,720	686,670
Total	11,925,256	11,746,045	8,817,270	8,817,270	20,742,526	20,563,315
Accumulated depreciation	<u>(4,365,996)</u>	<u>(4,031,148)</u>	<u>(3,663,298)</u>	<u>(3,476,867)</u>	<u>(8,029,294)</u>	<u>(7,508,015)</u>
Capital assets, net	<u>\$ 7,559,260</u>	<u>\$ 7,714,897</u>	<u>\$ 5,153,972</u>	<u>\$ 5,340,403</u>	<u>\$ 12,713,232</u>	<u>\$ 13,055,300</u>

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

Long-Term Debt. As of June 30, 2022, the Town of Maggie Valley had no bonded debt outstanding.

Town of Maggie Valley's Outstanding Debt
June 30, 2022 and 2021

Figure 7

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Installment purchase contracts	\$ -	\$ -	\$ 977,766	\$ 1,140,726	\$ 977,766	\$ 1,140,726

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

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 % of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Maggie Valley was \$41,630,912.

Additional information regarding the Town of Maggie Valley's long-term debt can be found beginning on page 57 of this report.

Economic Factors and Next Year's Budgets and Rates

- For FY22-23, the Town of Maggie Valley's tax rate is once approved at \$0.40- this is the lowest municipal tax rate in Haywood County. The approved fiscal year general fund budget is \$3,322,044 which is an 0.07% decrease from the previous year final budget. Based upon the Town's estimated tax value of \$498,103,992 combined with a tax collection rate of 98% will yield \$1,952,568 in property tax revenue. Fundamentally each "penny" on the tax rate equals \$48,814. The approved budget will allow the Town to operate FY22-23 with a "debt free" general fund and a fund balance in excess of 100%.
- 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, others 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. In each successive budget year, \$60,000 to \$120,000 was placed in this fund which now totals \$360,000. It is the Town's goal to place at least an additional \$60,000 in this fund during FY22-23.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities. The 2022-2023 budgeted expenditures in the General Fund, as amended, are expected to increase by 17% from the prior year at the time of this report. The increase is primarily due to the purchase of property adjacent to the Festival Grounds for \$430,000. The Town will use fund balance to purchase this property. The purchase of this property will be partially offset by the sale of the Town's waterfall property.

Other major budgeted expenditures include replacing entrance doors at Townhall, upgrading security cameras at Mary Rathbone Memorial Park and Parham Park, creating a Veterans Memorial Park, and purchase and equip two new police vehicles. The approximate amount of fund balance to be used is \$380,000.

Business-Type Activities. The Sewer Fund amended budget for 2022-2023 is currently an 11.51% increase from last year's final budget. This increase in Sewer Fund expenditures is due to receiving grant funds to complete a levee repair project. This project is estimated to cost \$359,345; an increase over prior year estimates.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, Town of Maggie Valley, 3987 Soco Road, Maggie Valley, North Carolina 28751. One can also call 828-926-0866, visit our website at www.maggievalleync.gov or send an email to alyvers@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, 2022

	Primary Government		Total	Town of Maggie Valley ABC Board
	Governmental Activities	Business-Type Activities		
Assets:				
Current assets:				
Cash and cash equivalents	\$ 4,346,124	\$ 2,197,905	\$ 6,544,029	\$ 683,624
Investments	322,165	295,298	617,463	-
Taxes receivable, net	36,424	-	36,424	-
Accounts receivable, net	375,602	171,698	547,300	-
Prepays	15,643	1,310	16,953	18,319
Inventories	-	-	-	514,561
Restricted cash	266,277	-	266,277	-
Total current assets	<u>5,362,235</u>	<u>2,666,211</u>	<u>8,028,446</u>	<u>1,216,504</u>
Non-current assets:				
Right-to-use asset, net of amortization	4,528	-	4,528	-
Capital assets:				
Land and construction in progress	2,374,568	125,250	2,499,818	484,150
Other capital assets, net of depreciation	5,184,692	5,028,722	10,213,414	907,056
Total capital assets	<u>7,559,260</u>	<u>5,153,972</u>	<u>12,713,232</u>	<u>1,391,206</u>
Total non-current assets	<u>7,563,788</u>	<u>5,153,972</u>	<u>12,717,760</u>	<u>1,391,206</u>
Total assets	<u>12,926,023</u>	<u>7,820,183</u>	<u>20,746,206</u>	<u>2,607,710</u>
Deferred Outflows of Resources:				
Pension deferrals	460,910	88,201	549,111	80,322
OPEB deferrals	65,651	15,400	81,051	-
Total deferred outflows of resources	<u>526,561</u>	<u>103,601</u>	<u>630,162</u>	<u>80,322</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	162,223	29,535	191,758	108,058
Unearned revenue	8,420	-	8,420	-
Advance from grantor	197,114	-	197,114	-
Liabilities payable from restricted assets:				
Security deposit	15,000	-	15,000	-
Accrued interest payable	-	-	-	3,089
Distribution payable	-	-	-	253,062
Long-term liabilities due within one year	69,312	183,507	252,819	60,088
Total current liabilities	<u>452,069</u>	<u>213,042</u>	<u>665,111</u>	<u>424,297</u>
Long-term liabilities:				
Net pension liability LGERS	191,393	47,848	239,241	39,720
Total pension liability - LEOSSA	476,050	-	476,050	-
Total OPEB liability	247,227	57,993	305,220	-
Due in more than one year	25,522	822,927	848,449	63,571
Total long-term liabilities	<u>940,192</u>	<u>928,768</u>	<u>1,868,960</u>	<u>103,291</u>
Total liabilities	<u>1,392,261</u>	<u>1,141,810</u>	<u>2,534,071</u>	<u>527,588</u>
Deferred Inflows of Resources:				
Pension deferrals	328,122	71,528	399,650	56,748
OPEB deferrals	33,969	7,968	41,937	-
Prepaid taxes	7,528	-	7,528	-
Total deferred inflows of resources	<u>369,619</u>	<u>79,496</u>	<u>449,115</u>	<u>56,748</u>
Net Position:				
Net investment in capital assets	7,559,251	4,176,206	11,735,457	1,276,344
Restricted for:				
Stabilization by state statute	473,893	-	473,893	-
Working capital	-	-	-	116,609
Streets	54,163	-	54,163	-
Public safety	30,471	-	30,471	-
Unrestricted	3,572,926	2,526,272	6,099,198	710,743
Total net position	<u>\$ 11,690,704</u>	<u>\$ 6,702,478</u>	<u>\$ 18,393,182</u>	<u>\$ 2,103,696</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, 2022

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 652,201	\$ 4,320	\$ 20,495	\$ -
Public safety	1,142,831	38,548	9,304	-
Transportation	819,988	108,290	49,640	-
Parks and recreation	183,856	33,820	-	-
Interest on long-term debt	29	-	-	-
Total governmental activities	<u>2,798,905</u>	<u>184,978</u>	<u>79,439</u>	<u>-</u>
Business-Type Activities:				
Sewer	<u>872,526</u>	<u>1,167,105</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 3,671,431</u>	<u>\$ 1,352,083</u>	<u>\$ 79,439</u>	<u>\$ -</u>
Component Unit:				
ABC Board	<u>\$ 875,040</u>	<u>\$ 986,451</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, 2022

	Net (Expense) Revenue and Changes in Net Position			Component Unit Town of Maggie Valley ABC Board
	Primary Government		Total	
	Governmental Activities	Business-Type Activities		
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ (627,386)	\$ -	\$ (627,386)	
Public safety	(1,094,979)	-	(1,094,979)	
Transportation	(662,058)	-	(662,058)	
Parks and recreation	(150,036)	-	(150,036)	
Interest on long-term debt	(29)	-	(29)	
Total governmental activities	<u>(2,534,488)</u>	<u>-</u>	<u>(2,534,488)</u>	
Business-Type Activities:				
Sewer	-	294,579	294,579	
Total primary government	<u>(2,534,488)</u>	<u>294,579</u>	<u>(2,239,909)</u>	
Component Unit:				
ABC Board				<u>\$ 111,411</u>
General Revenues:				
Taxes:				
Property taxes	2,089,794	-	2,089,794	-
Local option sales tax	663,375	-	663,375	-
Special assessment	1,969	-	1,969	-
Franchise tax	206,518	-	206,518	-
Occupancy tax	9,814	-	9,814	-
Disposal tax	1,272	-	1,272	-
Unrestricted intergovernmental revenues	253,917	-	253,917	-
Unrestricted investment earnings	3,890	3,915	7,805	36
Total general revenues	<u>3,230,549</u>	<u>3,915</u>	<u>3,234,464</u>	<u>36</u>
Change in net position	696,061	298,494	994,555	111,447
Net Position:				
Beginning of year - July 1	<u>10,994,643</u>	<u>6,403,984</u>	<u>17,398,627</u>	<u>1,992,249</u>
End of year - June 30	<u>\$ 11,690,704</u>	<u>\$ 6,702,478</u>	<u>\$ 18,393,182</u>	<u>\$ 2,103,696</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>ARP Grant Project Fund</u>	<u>Total</u>
Assets:			
Cash and cash equivalents	\$ 4,346,124	\$ -	\$ 4,346,124
Restricted cash	69,163	197,114	266,277
Investments	322,165	-	322,165
Receivables, net:			
Taxes	36,424	-	36,424
Governmental	375,602	-	375,602
Prepays	15,643	-	15,643
Total assets	<u>\$ 5,165,121</u>	<u>\$ 197,114</u>	<u>\$ 5,362,235</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 162,223	\$ -	\$ 162,223
Unearned revenue	8,420	-	8,420
Advance from grantor	-	197,114	197,114
Liabilities payable from restricted assets:			
Security deposits	15,000	-	15,000
Total liabilities	<u>185,643</u>	<u>197,114</u>	<u>382,757</u>
Deferred Inflows of Resources:			
Property taxes receivable	36,424	-	36,424
Prepaid taxes	7,528	-	7,528
Total deferred inflows of resources	<u>43,952</u>	<u>-</u>	<u>43,952</u>
Fund Balance:			
Non-spendable:			
Prepays	15,643	-	15,643
Restricted:			
Stabilization by state statute	473,893	-	473,893
Streets	54,163	-	54,163
Public safety	30,471	-	30,471
Committed	366,957	-	366,957
Unassigned	3,994,399	-	3,994,399
Total fund balance	<u>4,935,526</u>	<u>-</u>	<u>4,935,526</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 5,165,121</u>	<u>\$ 197,114</u>	<u>\$ 5,362,235</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Total
Total fund balance	\$ 4,935,526
<p>Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:</p>	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	7,559,260
Right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	4,528
Net pension liability - LGERS	(191,393)
Total pension liability - LEOSSA	(476,050)
Total OPEB liability	(247,227)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(4,537)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(90,297)
Deferred outflows of resources related to pensions are not reported in the funds.	460,910
Deferred outflows of resources related to OPEB are not reported in the funds.	65,651
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.	36,424
Deferred inflows of resources related to pensions are not reported in the funds.	(328,122)
Deferred inflows of resources related to OPEB are not reported in the funds.	(33,969)
Net position of governmental activities per Exhibit A	\$ 11,690,704

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, 2022

	Major Funds		Total
	General Fund	ARP Grant Project Fund	
Revenues:			
Ad valorem taxes	\$ 2,099,070	\$ -	\$ 2,099,070
Other taxes	882,948	-	882,948
Unrestricted intergovernmental revenues	253,917	-	253,917
Restricted intergovernmental revenues	58,944	-	58,944
Permits and fees	38,548	-	38,548
Sales and services	146,430	-	146,430
Interest earned on investments	3,890	-	3,890
Miscellaneous	20,495	-	20,495
Total revenues	<u>3,504,242</u>	<u>-</u>	<u>3,504,242</u>
Expenditures:			
Current:			
General government	599,353	-	599,353
Public safety	1,191,009	-	1,191,009
Transportation	688,995	-	688,995
Parks and recreation	160,028	-	160,028
Debt service:			
Principal	4,519	-	4,519
Interest	29	-	29
Total expenditures	<u>2,643,933</u>	<u>-</u>	<u>2,643,933</u>
Revenues over (under) expenditures	860,309	-	860,309
Other Financing Sources (Uses):			
Lease liability issued	<u>9,056</u>	<u>-</u>	<u>9,056</u>
Net change in fund balances	869,365	-	869,365
Fund Balances:			
Beginning of year - July 1	<u>4,066,161</u>	<u>-</u>	<u>4,066,161</u>
End of year - June 30	<u>\$ 4,935,526</u>	<u>\$ -</u>	<u>\$ 4,935,526</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, 2022

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 869,365
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Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:

Property taxes and special assessment receivables	(9,276)
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OPEB plan expense	(22,627)
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Pension expense - LGERS	19,343
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Pension expense - LEOSSA	7,287
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Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(12,385)
--	----------

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.	188,267
--	---------

The issuance of long-term debt is reported as revenue in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.	(9,056)
---	---------

Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(334,848)
---	-----------

Amortization of right-to-use leased assets is not reported as an expenditure in the governmental funds statement.	(4,528)
---	---------

Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>4,519</u>
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Change in net position of governmental activities per Exhibit B	<u>\$ 696,061</u>
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The accompanying notes are an integral part of the financial statements.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ 2,008,302	\$ 1,998,091	\$ 2,099,070	\$ 100,979
Other taxes	707,632	712,912	882,948	170,036
Unrestricted intergovernmental	23,675	23,675	253,917	230,242
Restricted intergovernmental	200	90,474	58,944	(31,530)
Permits and fees	12,500	12,500	38,548	26,048
Sales and services	128,906	128,906	146,430	17,524
Interest earned on investments	3,900	3,900	3,890	(10)
Miscellaneous	25,105	36,471	20,495	(15,976)
Total revenues	<u>2,910,220</u>	<u>3,006,929</u>	<u>3,504,242</u>	<u>497,313</u>
Expenditures:				
Current:				
General government	591,291	690,661	599,353	91,308
Public safety	1,310,645	1,367,817	1,191,009	176,808
Transportation	904,346	977,284	688,995	288,289
Parks and recreation	262,228	284,022	160,028	123,994
Debt service:				
Principal	-	4,519	4,519	-
Interest	-	29	29	-
Total expenditures	<u>3,068,510</u>	<u>3,324,332</u>	<u>2,643,933</u>	<u>680,399</u>
Revenues over (under) expenditures	<u>(158,290)</u>	<u>(317,403)</u>	<u>860,309</u>	<u>1,177,712</u>
Other Financing Sources (Uses):				
Lease liability issued	-	-	9,056	9,056
Appropriated fund balance	158,290	317,403	-	(317,403)
Total other financing sources (uses)	<u>158,290</u>	<u>317,403</u>	<u>9,056</u>	<u>(308,347)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>869,365</u>	<u>\$ 869,365</u>
Fund Balance:				
Beginning of year - July 1			<u>4,066,161</u>	
End of year - June 30			<u>\$ 4,935,526</u>	

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	<u>Major Fund</u> <u>Sewer Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,197,905
Investments	295,298
Accounts receivable, net	171,698
Prepays	<u>1,310</u>
Total current assets	<u>2,666,211</u>
Non-current assets:	
Land and other non-depreciable assets	125,250
Other capital assets, net of depreciation	<u>5,028,722</u>
Total capital assets, net	<u>5,153,972</u>
Total non-current assets	<u>5,153,972</u>
Total assets	<u>7,820,183</u>
Deferred Outflows of Resources:	
OPEB deferrals	15,400
Pension deferrals	<u>88,201</u>
Total deferred outflows of resources	<u>103,601</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	29,535
Current portion of installment purchase contracts	162,960
Current portion of compensated absences payable	<u>20,547</u>
Total current liabilities	<u>213,042</u>
Non-current liabilities:	
Installment purchase contracts payable	814,806
Compensated absences payable	8,121
Net pension liability	47,848
Total OPEB liability	<u>57,993</u>
Total non-current liabilities	<u>928,768</u>
Total liabilities	<u>1,141,810</u>
Deferred Inflows of Resources:	
OPEB deferrals	7,968
Pension deferrals	<u>71,528</u>
Total deferred inflows of resources	<u>79,496</u>
Net Position:	
Net investment in capital assets	4,176,206
Unrestricted	<u>2,526,272</u>
Total net position	<u>\$ 6,702,478</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Major Fund</u> <u>Sewer Fund</u>
Operating Revenues:	
Charges for services	\$ 1,165,645
Operating Expenses:	
Administration	335,549
Waste collection and treatment	326,591
Depreciation	186,431
Total operating expenses	<u>848,571</u>
Operating income (loss)	<u>317,074</u>
Non-Operating Revenues (Expenses):	
Interest earned on investments	3,915
Miscellaneous	1,460
Interest expense	(23,955)
Total non-operating revenues (expenses)	<u>(18,580)</u>
Change in net position	298,494
Net Position:	
Beginning of year - July 1	<u>6,403,984</u>
End of year - June 30	<u>\$ 6,702,478</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Major Fund</u>
	<u>Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,178,057
Cash paid for goods and services	(313,624)
Cash paid to employees for services	(331,404)
Other revenues	1,460
Net cash provided (used) by operating activities	<u>534,489</u>
Cash Flows from Capital and Related Financing Activities:	
Principal paid on installment purchase contracts	(162,960)
Interest paid on debt	(23,955)
Net cash provided (used) for capital and related financing activities	<u>(186,915)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>3,915</u>
Net increase (decrease) in cash and cash equivalents	351,489
Cash and cash equivalents - July 1	<u>2,141,714</u>
Cash and cash equivalents - June 30	<u>\$ 2,493,203</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 317,074
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	186,431
Non-operating revenue	1,460
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	12,412
(Increase) decrease in prepaid items	3,150
Increase (decrease) in deferred outflows of resources for OPEB	(8,120)
(Increase) decrease in deferred outflows of resources for pensions	(35,572)
Increase (decrease) in deferred inflows of resources for pensions	66,649
Increase (decrease) in deferred inflows of resources for OPEB	5,657
Increase (decrease) in net pension liability	(35,913)
Increase (decrease) in trade accounts payable and accrued liabilities	13,490
Increase (decrease) in other post-employment benefits	7,771
Net cash provided (used) by operating activities	<u>\$ 534,489</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, 2022

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, 2022

Fund Financial Statements. The fund financial statements provide information about the Town's funds. Separate statements for each fund category - *governmental* and *proprietary* - are presented. The town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The Town reports the following major governmental 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.

ARP Grant Project Fund - This special revenue grant project fund is used to account for the American Rescue Plan grant.

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, 2022

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, 2022

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. A multi-year project budget is adopted for the special revenue grant fund. 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)(8)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's and the ABC Board's investments are reported at fair value. Non-participating interest-earning contracts are accounted for at cost. The NCCMT Government Portfolio, an SEC-registered (2a-7) government money market fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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. Unspent ARP grant funding is classified as restricted cash because it can only be expended for the purposes outlined in the grant.

Restricted cash at June 30, 2022 consists of the following:

Governmental Activities:

General Fund:

Transportation - streets	\$ 54,163
Parks and recreation - security deposit	15,000

ARP Fund:

Unspent grant funds	197,114
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Total governmental activities	<u>266,277</u>
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Total restricted cash	<u>\$ 266,277</u>
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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, 2021. 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, 2022

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	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, 2022

Right-to-Use Assets

The Town has recorded right-to-use lease assets as a result of implementing GASB 87. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

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 assets 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 assets 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, OPEB deferrals, and pension deferrals.

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 an 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.

Long-Term Obligations

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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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.

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)]. North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "Restricted by State Statute." Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Committed Fund Balance

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

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

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

<u>Purpose</u>	<u>General Fund</u>
<i>Committed:</i>	
Capital improvements	\$ 6,957
Soco Road project	360,000
Total	<u>\$ 366,957</u>

Assigned Fund Balance

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

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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

The Town has not officially adopted a fund balance policy.

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

Total Fund Balance - General Fund	\$ 4,935,526
Less:	
Prepays	15,643
Stabilization by state statute	<u>473,893</u>
Total available fund balance	<u>\$ 4,445,990</u>

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

	<u>General Fund</u>
Encumbrances	<u>\$ 98,291</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 Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The 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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the ABC Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town and the ABC Board have no policies regarding custodial credit risk for deposits. The Town complies with G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2022, the Town’s deposits had a carrying amount of \$6,809,996 and a bank balance of \$6,862,902. Of the bank balance, \$255,381 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The Town also has cash on hand of \$310 at June 30, 2022.

The ABC Board’s deposits had a carrying value of \$678,514 and a bank balance of \$684,449 at June 30, 2022. \$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, 2022, the Town’s investment balances were as follows:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	\$ 617,463	\$ 617,463

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

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

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

Credit Risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town’s investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town’s investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor’s and AAA-mf by Moody’s Investors Service as of June 30, 2022.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Capital Assets

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

Governmental Activities:

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Non-Depreciable Capital Assets:				
Land	\$ 2,361,804	\$ -	\$ -	\$ 2,361,804
Construction in progress	-	12,764	-	12,764
Total non-depreciable capital assets	<u>2,361,804</u>	<u>12,764</u>	<u>-</u>	<u>2,374,568</u>
Depreciable Capital Assets:				
Buildings	3,230,272	-	-	3,230,272
Improvements, other than buildings	299,449	5,127	-	304,576
Machinery and equipment	949,791	51,497	-	1,001,288
Vehicles	611,374	59,050	-	670,424
Infrastructure	<u>4,293,355</u>	<u>50,773</u>	<u>-</u>	<u>4,344,128</u>
Total depreciable capital assets	<u>9,384,241</u>	<u>166,447</u>	<u>-</u>	<u>9,550,688</u>
Less Accumulated Depreciation:				
Buildings	1,253,769	87,858	-	1,341,627
Improvements, other than buildings	203,949	11,495	-	215,444
Machinery and equipment	625,540	32,036	-	657,576
Vehicles	397,295	63,317	-	460,612
Infrastructure	<u>1,550,595</u>	<u>140,142</u>	<u>-</u>	<u>1,690,737</u>
Total accumulated depreciation	<u>4,031,148</u>	<u>\$ 334,848</u>	<u>\$ -</u>	<u>4,365,996</u>
Governmental activities capital assets, net	<u>\$ 7,714,897</u>			<u>\$ 7,559,260</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Business-Type Activities:

	<u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>
Sewer Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 125,250	\$ -	\$ -	\$ 125,250
Total non-depreciable capital assets	125,250	-	-	125,250
Depreciable Capital Assets:				
Building and systems	8,234,496	-	-	8,234,496
Improvements, other than buildings	139,780	-	-	139,780
Machinery and equipment	242,448	-	-	242,448
Vehicles	75,296	-	-	75,296
Total depreciable capital assets	8,692,020	-	-	8,692,020
Less Accumulated Depreciation:				
Buildings and systems	3,275,608	167,015	-	3,442,623
Improvements, other than buildings	42,947	2,306	-	45,253
Machinery and equipment	92,405	12,424	-	104,829
Vehicles	65,907	4,686	-	70,593
Total accumulated depreciation	3,476,867	\$ 186,431	\$ -	3,663,298
Sewer Fund capital assets, net	\$ 5,340,403			\$ 5,153,972

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

Governmental Activities:

General government	\$ 40,948
Public safety	61,953
Transportation	186,837
Parks and recreation	45,110
Total	\$ 334,848

Business-Type Activities:

Sewer Fund	\$ 186,431
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Right-to-Use Asset

The Town has recorded one right-to-use leased asset. The asset is a right-to-use asset for leased equipment. The related lease is discussed in the lease subsection of the liabilities section of this note. The right-to-use lease asset is amortized on a straight-line basis over the terms of the related lease.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Right-to-use asset activity for the primary government for the year ended June 30, 2022 was as follows:

	June 30, 2021	Additions	Retirements	June 30, 2022
Right-to-Use Asset:				
Leased equipment	\$ -	\$ 9,056	\$ -	\$ 9,056
Total right-to-use assets	-	9,056	-	9,056
Less Accumulated Amortization:				
Leased equipment	-	4,528	-	4,528
Total accumulated amortization	-	4,528	-	4,528
Right-to-use assets, net	\$ -	\$ 4,528	\$ -	\$ 4,528

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2022 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 7,559,260	\$ 5,153,972
Right-to-use assets	4,528	-
Less: long-term debt	(4,537)	(977,766)
Net investment in capital assets	\$ 7,559,251	\$ 4,176,206

Capital Assets - Maggie Valley ABC Board

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

	Estimated Useful Life	Cost	Accumulated Depreciation	Net Amount
Land and CIP		\$ 484,150	\$ -	\$ 484,150
Land improvements	15 years	87,547	35,262	52,285
Store building	30 years	1,212,278	424,647	787,631
Office and store equipment	5-10 years	243,991	176,851	67,140
Total		\$ 2,027,966	\$ 636,760	\$ 1,391,206

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Receivables

Receivables at the government-wide level at June 30, 2022 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 31,604	\$ 66,224	\$ 345,291	\$ 443,119
Total receivables	31,604	66,224	345,291	443,119
Allowance for doubtful accounts	(1,293)	(29,800)	-	(31,093)
Total governmental activities	<u>\$ 30,311</u>	<u>\$ 36,424</u>	<u>\$ 345,291</u>	<u>\$ 412,026</u>
Business-Type Activities:				
Sewer Fund	\$ 176,966	\$ -	\$ -	\$ 176,966
Total receivables	176,966	-	-	176,966
Allowance for doubtful accounts	(5,268)	-	-	(5,268)
Total business-type activities	<u>\$ 171,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 171,698</u>

Amounts due from governmental agencies consist of the following:

	<u>County</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
Governmental Funds:				
Property taxes	\$ 13,311	\$ -	\$ -	\$ 13,311
ABC Board distribution	-	-	253,062	253,062
Sales and use tax distribution	-	61,102	-	61,102
Sales tax refund	5,734	12,082	-	17,816
Total governmental funds	<u>\$ 19,045</u>	<u>\$ 73,184</u>	<u>\$ 253,062</u>	<u>\$ 345,291</u>

B. Liabilities

Accounts payable and accrued liabilities are composed of the following amounts at June 30, 2022:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities	\$ 119,747	\$ 42,476	\$ 162,223
Business-type activities	<u>\$ 22,487</u>	<u>\$ 7,048</u>	<u>\$ 29,535</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Pension Plan Obligations

Local Governmental Employees' Retirement System

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

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, was 12.100% of compensation for law enforcement officers and 11.350% 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 \$143,686 and \$31,832, respectively, for the year ended June 30, 2022.

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

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

At June 30, 2022, the Town reported a liability of \$239,241 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 (measurement date), the Town's proportion was .01560%, which was an increase of .00388% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$119,507. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 76,111	\$ -
Changes of assumptions	150,304	-
Net difference between projected and actual earnings on pension plan investments	-	341,803
Changes in proportion and differences between Town contributions and proportionate share of contributions	70,908	15,844
Town contributions subsequent to the measurement date	143,686	-
Total	\$ 441,009	\$ 357,647

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

\$143,686 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, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2023	\$ 37,396
2024	9,164
2025	(2,291)
2026	(104,593)
2027	-
Thereafter	-
Total	<u>\$ (60,324)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 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, 2020, valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Opportunistic fixed income	7.0%	6.0%
Inflation sensitive	6.0%	4.0%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. 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 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 928,714	\$ 239,241	\$ (328,155)

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

Law Enforcement Officers’ Special Separation Allowance

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>10</u>
Total	<u><u>13</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, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

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

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

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

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

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

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

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$42,444 as benefits came due for the reporting period.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

At June 30, 2022, the Town reported a total pension liability of \$476,050. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$34,848.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 46,105	\$ 29,168
Changes of assumptions	42,408	12,835
Town benefit payments and plan administrative expense made subsequent to the measurement date	19,589	-
Total	\$ 108,102	\$ 42,003

\$19,589 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, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ 11,708
2024	14,800
2025	9,478
2026	6,265
2027	4,259
Thereafter	-
Total	\$ 46,510

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 510,285	\$ 476,050	\$ 444,933

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

	2022
Beginning balance	\$ 455,835
Service cost	18,687
Interest on the total pension liability	8,388
Differences between expected and actual experience in the measurement of the total pension liability	46,189
Changes of assumptions or other inputs	(10,605)
Benefit payments	(42,444)
Net changes	20,215
Ending balance of the total pension liability	\$ 476,050

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 1.93% at December 31, 2019 to 2.25% at December 31, 2020.

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

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

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

	LGERS	LEOSSA	Total
Proportion of the net pension liability (asset)	0.01560%	NA	-
Pension liability	\$ 239,241	\$ 476,050	\$ 715,291
Pension expense	119,507	34,848	154,355

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	LEOSSA	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 76,111	\$ 46,105	\$ 122,216
Changes of assumptions	150,304	42,408	192,712
Changes in proportion and differences between Town contributions and proportionate share of contributions	70,908	-	70,908
Town contributions (LGERS) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	143,686	19,589	163,275
Total	\$ 441,009	\$ 108,102	\$ 549,111

	LGERS	LEOSSA	Total
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ -	\$ 29,168	\$ 29,168
Changes of assumptions	-	12,835	12,835
Net difference between projected and actual earnings on pension plan investments	341,803	-	341,803
Changes in proportion and differences between Town contributions and proportionate share of contributions	15,844	-	15,844
Total	\$ 357,647	\$ 42,003	\$ 399,650

Supplemental Retirement Income Plan for Law Enforcement Officers

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 were \$51,376, which consisted of \$25,344 from the Town and \$26,032 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, 2022 were \$38,806, which consisted of \$15,084 from the Town and \$23,722 from the non-law enforcement employees. No amounts have been forfeited.

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 Governmental 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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, 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.

Membership of the Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

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

Funding Policy

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

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Total OPEB Liability

The Town's total OPEB liability of \$305,220 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.25%-8.41%, including wage inflation for general employees 3.25%-7.90%, including wage inflation for law enforcement officers
Discount rate	2.16 percent
Healthcare cost trend rates	Pre-Medicare - 7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031
Dental	3.50 percent
Vision	2.00 percent

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

	<u>Total OPEB Liability</u>
Balance at July 1, 2021	\$ 264,322
Changes for the year:	
Service cost	17,460
Interest	6,227
Differences between expected and actual experience	(36,497)
Changes of assumptions or other inputs	53,708
Net changes	<u>40,898</u>
Balance at June 30, 2022	<u>\$ 305,220</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.21% to 2.16%.

Mortality rates were based on PUB-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scare MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	\$ 342,492	\$ 305,220	\$ 272,019

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:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 262,038	\$ 305,220	\$ 357,025

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

For the year ended June 30, 2022, the Town recognized OPEB expense of \$31,485. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,749	\$ 33,438
Changes of assumptions	78,302	8,499
Total	\$ 81,051	\$ 41,937

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

\$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, 2023. Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending	
June 30	Total
2023	\$ 4,248
2024	4,248
2025	4,248
2026	5,621
2027	6,652
Thereafter	14,097
Total	<u>\$ 39,114</u>

Deferred Outflows and Inflows of Resources

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

	Amount
OPEB deferrals	\$ 81,051
Pension deferrals	549,111
Total	<u>\$ 630,162</u>

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

	Statement of	General
	Net Position	Fund Balance
	Sheet	Sheet
Deferred Inflows:		
Taxes receivable	\$ -	\$ 36,424
Prepaid taxes	7,528	7,528
OPEB deferrals	41,937	-
Pension deferrals	399,650	-
Total	<u>\$ 449,115</u>	<u>\$ 43,952</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

Long-Term Obligations

Leases

The Town entered into an agreement to lease equipment. The lease agreement qualifies as an other-than-short-term lease under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

On July 1, 2020, the Town entered into a 36-month lease for the use of copiers. An initial lease liability of \$9,056 was recorded at the present value of future minimum lease payments using the Town's incremental borrowing rate .46%. At June 30, 2022, the value of the lease liability was \$4,537. The Town is required to make monthly fixed payments of \$376.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 4,537	\$ -	\$ 4,537

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.

\$ 977,766

The Town's outstanding note from direct borrowings related to business-type activities of \$977,766 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, 2022

The future minimum payments of the Sewer Fund long-term debt notes payable as of June 30, 2022 are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2023	\$ 162,960	\$ 20,533	\$ 183,493	
2024	162,960	17,111	180,071	
2025	162,960	13,689	176,649	
2026	162,960	10,267	173,227	
2027	162,960	6,844	169,804	
2028-2029	162,966	3,422	166,388	
Total	\$ 977,766	\$ 71,866	\$ 1,049,632	

Changes in Long-Term Debt

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

	July 1, 2021	Additions	Retirements	June 30, 2022	Current Portion
Governmental Activities:					
Total OPEB liability	\$ 214,100	\$ 33,127	\$ -	\$ 247,227	\$ -
Net pension liability (LGERS)	335,045	-	143,652	191,393	-
Total pension liability (LEOSSA)	455,835	20,215	-	476,050	-
Lease liabilities	-	9,056	4,519	4,537	4,537
Compensated absences	77,912	60,651	48,266	90,297	64,775
Total	\$ 1,082,892	\$ 123,049	\$ 196,437	\$ 1,009,504	\$ 69,312

Compensated absences, other post-employment benefits, and net pension liability for governmental activities typically have been liquidated in the General Fund. The Town's legal debt limit is 8.0% of the Town's assessed value of taxable property. The Town's legal debt limit as of June 30, 2022 amounts to \$41,630,912.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

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

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2022</u>	<u>Current Portion</u>
Business-Type Activities:					
Sewer Fund:					
Direct borrowing					
installment purchase	\$ 1,140,726	\$ -	\$ 162,960	\$ 977,766	\$ 162,960
Total OPEB liability	50,222	7,771	-	57,993	-
Net pension liability (LGERS)	83,761	-	35,913	47,848	-
Compensated absences	24,995	18,217	14,544	28,668	20,547
Total business-type activities	<u>\$ 1,299,704</u>	<u>\$ 25,988</u>	<u>\$ 213,417</u>	<u>\$ 1,112,275</u>	<u>\$ 183,507</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 Commitment</u>
Land use & comprehensive plan	\$ 34,063	\$ 42,987
Concrete construction	6,000	16,031
Veterans park	-	6,800

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, 2022

The ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has commercial property, general liability, auto liability, workers' compensation, and employee health coverage. The ABC Board also has liquor legal liability coverage. Claims have not exceeded coverage in any of the past three fiscal years.

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

3. Federal and State-Assisted Programs

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

4. Change in Accounting Principle

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

5. Reimbursements for Pandemic-Related Expenditures

In fiscal year 2020-2021, the American Rescue Plan Act (ARPA) established the coronavirus state and local fiscal recovery funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The Town of Maggie Valley was awarded \$394,229 in American Rescue Plan funding. The Town received \$197,114 prior to year-end and received \$197,115 subsequent to year-end. The funds will be transferred to the appropriate funds once the intended use of the funds is determined.

6. Subsequent Events

Subsequent to year-end, the Town purchased property adjacent to the festival grounds for \$430,000. Subsequent to year-end, the Town was awarded a public safety grant from the Emergency Management Disaster Relief Mitigation Fund for \$359,345 for the waste water treatment plan levee.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

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

Law Enforcement Officers’ Special Separation Allowance - Schedule of Total Pension Liability as a Percentage of Covered-Employee 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 FIVE FISCAL YEARS**

	Other Post-Employment Benefits				
	2022	2021	2020	2019	2018
Service cost	\$ 17,460	\$ 12,800	\$ 10,304	\$ 10,667	\$ 11,553
Interest	6,227	7,733	7,127	6,199	5,120
Differences between expected and actual experience	(36,497)	(945)	4,138	(358)	(332)
Changes of assumptions or other inputs	53,708	36,605	3,347	(7,411)	(12,335)
Net change in total OPEB liability	40,898	56,193	24,916	9,097	4,006
Total OPEB liability - beginning	264,322	208,129	183,213	174,116	170,110
Total OPEB liability - ending	<u>\$ 305,220</u>	<u>\$ 264,322</u>	<u>\$ 208,129</u>	<u>\$ 183,213</u>	<u>\$ 174,116</u>
Covered-employee payroll	\$ 1,000,412	\$ 936,083	\$ 936,083	\$ 876,935	\$ 876,935
Total OPEB liability as a percentage of covered-employee payroll	30.51%	28.24%	22.23%	20.89%	19.86%

Notes to the Required Schedules:

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

Fiscal Year	Rate
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

There are no assets accumulated in a trust that meets the criteria for GASB codification P22.101 or P52.101 to pay related benefits for the OPEB fund.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

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

	Law Enforcement Officers' Special Separation Allowance					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 455,835	\$ 441,720	\$ 437,271	\$ 428,031	\$ 466,777	\$ 465,881
Service cost	18,687	9,637	13,525	13,105	12,226	13,894
Interest on the total pension liability	8,388	13,821	15,363	13,045	17,514	16,277
Differences between expected and actual experience in the measurement of the total pension liability	46,189	(38,244)	(4,964)	27,552	(63,648)	-
Changes of assumptions or other inputs	(10,605)	64,413	10,954	(14,033)	21,253	(9,406)
Benefit payments	(42,444)	(35,512)	(30,429)	(30,429)	(26,091)	(19,869)
Ending balance of the total pension liability	<u>\$ 476,050</u>	<u>\$ 455,835</u>	<u>\$ 441,720</u>	<u>\$ 437,271</u>	<u>\$ 428,031</u>	<u>\$ 466,777</u>

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

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SIX FISCAL YEARS**

	Law Enforcement Officers' Special Separation Allowance					
	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 476,050	\$ 455,835	\$ 441,720	\$ 437,271	\$ 428,031	\$ 466,777
Covered-employee payroll	469,339	307,838	461,564	443,075	431,372	504,068
Total pension liability as a percentage of covered-employee payroll	101.43%	148.08%	95.70%	98.69%	99.23%	92.60%

Notes to the Schedules:

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

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2022	2021	2020	2019	2018
Town of Maggie Valley's proportion of the net pension liability (asset) (%)	0.01560%	0.01172%	0.01488%	0.01608%	0.01668%
Town of Maggie Valley's proportion of the net pension liability (asset) (\$)	\$ 239,241	\$ 418,806	\$ 406,361	\$ 381,473	\$ 254,825
Town of Maggie Valley's covered payroll	\$ 1,145,871	\$ 1,137,354	\$ 1,060,866	\$ 1,002,804	\$ 1,077,101
Town of Maggie Valley's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	20.88%	36.82%	38.30%	38.04%	23.66%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%

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

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

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

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

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**TOWN OF MAGGIE VALLEY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS**

Local Governmental Employees' Retirement System					
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 143,686	\$ 119,689	\$ 105,130	\$ 85,368	\$ 78,305
Contributions in relation to the contractually required contribution	<u>143,686</u>	<u>119,689</u>	<u>105,130</u>	<u>85,368</u>	<u>78,305</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Maggie Valley's covered payroll	\$ 1,236,667	\$ 1,145,871	\$ 1,137,354	\$ 1,060,866	\$ 1,002,804
Contributions as a percentage of covered payroll	11.62%	10.45%	9.24%	8.05%	7.81%

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

TOWN OF MAGGIE VALLEY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS

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

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GOVERNMENTAL FUNDS

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

ARP Grant Project Fund - This special revenue grant project fund is used to account for the American Rescue Plan grant.

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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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 1,964,259	\$ 2,051,224	\$ 86,965
Prior years	22,482	33,751	11,269
Penalty and interest	11,350	14,095	2,745
Total ad valorem taxes	<u>1,998,091</u>	<u>2,099,070</u>	<u>100,979</u>
Other Taxes :			
Local option sales tax	509,724	663,375	153,651
Beer and wine tax	6,456	6,890	434
Cable TV franchise tax	39,242	45,109	5,867
Solid waste disposal tax	1,080	1,272	192
Occupancy tax	9,814	9,814	-
Special assessment	-	1,969	1,969
Utility franchise tax	146,596	154,519	7,923
Total other taxes	<u>712,912</u>	<u>882,948</u>	<u>170,036</u>
Unrestricted Intergovernmental Revenues:			
Beer and wine licenses	675	855	180
ABC profit distribution	23,000	253,062	230,062
Total unrestricted intergovernmental revenues	<u>23,675</u>	<u>253,917</u>	<u>230,242</u>
Restricted Intergovernmental Revenues:			
Safety rquipment grant	-	694	694
Powell Bill	85,774	49,640	(36,134)
Drug recovery funds	4,500	376	(4,124)
Court/officer fees	200	734	534
AKC K-9 grant	-	7,500	7,500
Total restricted intergovernmental revenues	<u>90,474</u>	<u>58,944</u>	<u>(31,530)</u>
Permits and Fees:			
Zoning permits	12,000	37,875	25,875
Sign permits	500	673	173
Total permits and fees	<u>12,500</u>	<u>38,548</u>	<u>26,048</u>
Sales and Services:			
Rental and collection fees	<u>128,906</u>	<u>146,430</u>	<u>17,524</u>
Investment Earnings	<u>3,900</u>	<u>3,890</u>	<u>(10)</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, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Miscellaneous:			
Other contributions and donations	-	500	500
Other miscellaneous	36,471	19,995	(16,476)
Total miscellaneous	<u>36,471</u>	<u>20,495</u>	<u>(15,976)</u>
Total revenues	<u>3,006,929</u>	<u>3,504,242</u>	<u>497,313</u>
Expenditures:			
General Government:			
Administration/Governing Board:			
Salaries and benefits	402,702	394,843	7,859
Operating	277,959	201,833	76,126
Capital outlay	10,000	2,677	7,323
Total general government	<u>690,661</u>	<u>599,353</u>	<u>91,308</u>
Public Safety:			
Police:			
Salaries and benefits	925,479	873,581	51,898
Operating	209,713	206,516	3,197
Capital outlay	232,625	110,912	121,713
Total police	<u>1,367,817</u>	<u>1,191,009</u>	<u>176,808</u>
Total public safety	<u>1,367,817</u>	<u>1,191,009</u>	<u>176,808</u>
Transportation:			
Streets and Highways:			
Salaries and benefits	325,262	297,754	27,508
Operating expenses	399,359	331,861	67,498
Capital outlay	166,790	6,199	160,591
Total streets and highways	<u>891,411</u>	<u>635,814</u>	<u>255,597</u>
Powell Bill:			
Salaries and benefits	1,435	-	1,435
Operating	12,800	2,408	10,392
Capital outlay	71,638	50,773	20,865
Total Powell Bill	<u>85,873</u>	<u>53,181</u>	<u>32,692</u>
Total transportation	<u>977,284</u>	<u>688,995</u>	<u>288,289</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Parks and Recreation:			
Operating expenses	24,152	8,908	15,244
Capital outlay	68,758	20,746	48,012
Total	<u>92,910</u>	<u>29,654</u>	<u>63,256</u>
Festival Grounds:			
Salaries and benefits	69,592	60,167	9,425
Operating expenses	96,863	69,135	27,728
Capital outlay	24,657	1,072	23,585
Total	<u>191,112</u>	<u>130,374</u>	<u>60,738</u>
Total parks and recreation	<u>284,022</u>	<u>160,028</u>	<u>123,994</u>
Debt Service:			
Principal	4,519	4,519	-
Interest and fees	29	29	-
Total debt service	<u>4,548</u>	<u>4,548</u>	<u>-</u>
Total expenditures	<u>3,324,332</u>	<u>2,643,933</u>	<u>680,399</u>
Revenues over (under) expenditures	<u>(317,403)</u>	<u>860,309</u>	<u>1,177,712</u>
Other Financing Sources (Uses):			
Appropriated fund balance	317,403	-	(317,403)
Lease liability issued	-	9,056	9,056
Total other financing sources (uses)	<u>317,403</u>	<u>9,056</u>	<u>(308,347)</u>
Net change in fund balance	<u>\$ -</u>	<u>869,365</u>	<u>\$ 869,365</u>
Fund Balance:			
Beginning of year - July 1		<u>4,066,161</u>	
End of year - June 30		<u>\$ 4,935,526</u>	

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**ARP GRANT PROJECT FUND
 SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Restricted Intergovernmental Revenues:					
ARP Funds	\$ 360,000	\$ -	\$ -	\$ -	\$ 360,000
Expenditures:					
Qualified ARP expenditures	360,000	-	-	-	360,000
Net change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -

MAJOR ENTERPRISE FUND

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

Major Enterprise Fund:

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

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ENTERPRISE FUND - SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Sewer charges	\$ 843,166	\$ 921,454	\$ 78,288
Sewer tap fees	33,420	181,051	147,631
Other operating revenues	<u>40,000</u>	<u>63,140</u>	<u>23,140</u>
Total operating revenues	<u>916,586</u>	<u>1,165,645</u>	<u>249,059</u>
Non-operating revenues:			
Interest on investments	<u>3,000</u>	<u>3,915</u>	<u>915</u>
Miscellaneous	<u>328,160</u>	<u>1,460</u>	<u>(326,700)</u>
Total non-operating revenues	<u>331,160</u>	<u>5,375</u>	<u>(325,785)</u>
Total revenues	<u>1,247,746</u>	<u>1,171,020</u>	<u>(76,726)</u>
Expenditures:			
Administration:			
Salaries and benefits	<u>337,251</u>	<u>331,404</u>	<u>5,847</u>
Operations:			
Utilities	65,000	59,282	5,718
Maintenance and repairs	135,250	79,458	55,792
Contractual services	51,864	53,293	(1,429)
Professional	86,363	48,933	37,430
Supplies	29,500	38,043	-
Insurance	12,267	13,860	(1,593)
Miscellaneous	<u>63,334</u>	<u>33,722</u>	<u>29,612</u>
Total operating expenditures	<u>443,578</u>	<u>326,591</u>	<u>125,530</u>
Debt service:			
Principal repayment	162,961	162,960	1
Interest and fees	<u>23,956</u>	<u>23,955</u>	<u>1</u>
Total debt service	<u>186,917</u>	<u>186,915</u>	<u>2</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**ENTERPRISE FUND - SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other expenditures:			
Capital outlay	280,000	-	280,000
Total expenditures	<u>1,247,746</u>	<u>844,910</u>	<u>402,836</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>326,110</u>	<u>\$ 326,110</u>

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

Principal retirement	162,960
Change in compensated absences	(3,673)
Change in OPEB liability	(7,771)
Change in net pension liability	35,913
Change in deferred outflows of resources - pension	35,572
Change in deferred inflows of resources - pension	(66,649)
Change in deferred outflows of resources - OPEB	8,120
Change in deferred inflows of resources - OPEB	(5,657)
Depreciation	<u>(186,431)</u>
Change in net position, accrual basis	<u>\$ 298,494</u>

OTHER SUPPLEMENTAL INFORMATION

This section contains additional information on property taxes.

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2022

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2021</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021-2022	\$ -	\$ 2,083,459	\$ 2,052,677	\$ 30,782
2020-2021	35,127	-	26,520	8,607
2019-2020	11,607	-	5,799	5,808
2018-2019	6,697	-	2,407	4,290
2017-2018	3,502	-	216	3,286
2016-2017	3,546	-	259	3,287
2015-2016	2,583	-	-	2,583
2014-2015	1,577	-	-	1,577
2013-2014	2,755	-	-	2,755
2012-2013	3,272	-	23	3,249
2011-2012	2,865	-	2,865	-
Total	<u>\$ 73,531</u>	<u>\$ 2,083,459</u>	<u>\$ 2,090,766</u>	66,224
Less allowance for uncollectible ad valorem taxes receivable				<u>(29,800)</u>
Ad valorem taxes receivable, net				<u>\$ 36,424</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 2,099,070
Reconciling items:				
Amounts written off per Statute of Limitations				(2,865)
Interest				12,288
Releases, refunds, interest and other adjustments				<u>(17,727)</u>
Total collections and credits				<u>\$ 2,090,766</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2022

	Property Valuation	Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 518,470,250	\$ 0.40	\$ 2,073,881	\$ 1,962,514	\$ 111,367
Discoveries:					
Current year taxes	<u>1,916,144</u>		<u>9,578</u>	<u>9,578</u>	<u>-</u>
Total property valuation	<u>\$ 520,386,394</u>				
Net Levy			2,083,459	1,972,092	111,367
Uncollected taxes at June 30, 2022			<u>(30,782)</u>	<u>(30,657)</u>	<u>(125)</u>
Current Year's Taxes Collected			<u>\$ 2,052,677</u>	<u>\$ 1,941,435</u>	<u>\$ 111,242</u>
Current Levy Collection Percentage			<u>98.52%</u>	<u>98.45%</u>	<u>99.89%</u>

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 (*Government Auditing Standards*), 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, 2022, 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 24, 2022. 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.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 24, 2022

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022**

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? None reported

Non-compliance material to financial statements noted? No

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

None.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

None reported.