

**TOWN OF MAGGIE VALLEY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

**TOWN OF MAGGIE VALLEY
NORTH CAROLINA**

ANNUAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Introductory Section	
	Financial Section	
	Independent Auditor's Report	1-3
	Management's Discussion and Analysis	4-16
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
A	Statement of Net Position	17-18
B	Statement of Activities	19-20
	Fund Financial Statements:	
C	Balance Sheet - Governmental Funds	21-22
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	23
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds to the Statement of Activities	24
F	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	25
G	Statement of Net Position - Proprietary Fund	26
H	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	27
I	Statement of Cash Flows - Proprietary Fund	28
	Notes to the Financial Statements	29-61

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Required Supplemental Financial Data:	
A-1	Other Post-Employment Benefits - Schedule of Changes in the Total OPEB Liability and Related Ratios	62-63
A-2	Law Enforcement Officers' Special Separation Allowance - Schedule of Changes in Total Pension Liability	64-65
A-3	Law Enforcement Officers' Special Separation Allowance - Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll	66-67
A-4	Local Governmental Employees' Retirement System - Town of Maggie Valley's Proportionate Share of Net Pension Liability (Asset)	68-69
A-5	Local Governmental Employees' Retirement System - Town of Maggie Valley's Contributions	70-71
	Governmental Fund:	
B-1	General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	72-74
B-2	Major Special Revenue Fund: Special Revenue Fund - ARP Grant Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	75
	Major Enterprise Fund:	
C-1	Enterprise Fund - Sewer Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	76-77
C-2	Enterprise Fund - Capital Projects Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	78

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

<u>Schedule</u>		<u>Page</u>
	Other Supplemental Information:	
D-1	Schedule of Ad Valorem Taxes Receivable	79
D-2	Analysis of Current Year Levy	80
	Compliance Section:	
	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	81-82
	Schedule of Findings and Responses	83-87
	Corrective Action Plan	88
	Schedule of Prior Year Audit Findings	89

This page left blank intentionally.

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, 2023, 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, 2023, 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, which represents 100%, 100% and 100%, respectively, of the assets, net position, and revenues of the discretely presented component units as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. 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*.

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 March 18, 2024 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
March 18, 2024

This page left blank intentionally.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2023

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, 2023. 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.

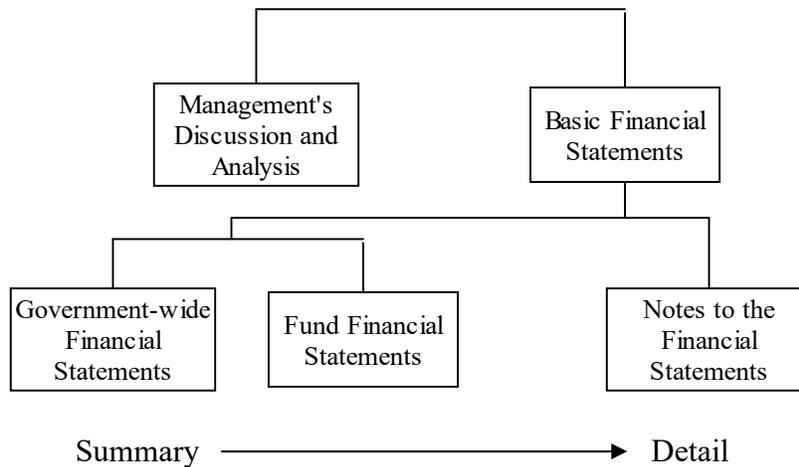
Financial Highlights

- 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 \$19,190,446.
- The government's total net position increased by \$797,264 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 \$4,942,632 with a net change of \$7,106. Approximately 14.70% of this total amount, or \$726,621, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,447,900 or 93.27% of total General Fund expenditures and transfers out for the fiscal year.
- The Town of Maggie Valley's total debt increased by \$167,497 (17.05%) during the current fiscal year. The key factor in this decrease was annual retirement of debt and no additional debt.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 29 of this report.

Government-Wide Financial Analysis

The Town of Maggie Valley's Net Position
June 30, 2023 and 2022
Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets:						
Current and other assets	\$5,588,815	\$5,366,763	\$2,916,444	\$2,666,211	\$8,505,259	\$ 8,032,974
Capital assets	<u>8,022,283</u>	<u>7,559,260</u>	<u>5,125,833</u>	<u>5,153,972</u>	<u>13,148,116</u>	<u>12,713,232</u>
Total Assets	<u>13,611,098</u>	<u>12,926,023</u>	<u>8,042,277</u>	<u>7,820,183</u>	<u>21,653,375</u>	<u>20,746,206</u>
Deferred outflows of resources						
Pension Deferral	633,301	460,910	138,529	88,201	771,830	549,111
OPEB Deferral	<u>58,166</u>	<u>65,651</u>	<u>11,913</u>	<u>15,400</u>	<u>70,079</u>	<u>81,051</u>
Total deferred outflows of resources	<u>691,467</u>	<u>526,561</u>	<u>150,442</u>	<u>103,601</u>	<u>841,909</u>	<u>630,162</u>
Long-term liabilities outstanding	1,411,311	940,192	898,259	928,768	2,309,570	1,868,960
Other liabilities	<u>606,911</u>	<u>452,069</u>	<u>213,078</u>	<u>213,042</u>	<u>819,989</u>	<u>665,111</u>
Total Liabilities	<u>2,018,222</u>	<u>1,392,261</u>	<u>1,111,337</u>	<u>1,141,810</u>	<u>3,129,559</u>	<u>2,534,071</u>
Deferred inflows of resources						
Pension Deferrals	90,632	328,122	2,257	71,528	92,889	399,650
OPEB Deferrals	65,475	33,969	13,411	7,968	78,886	41,937
Prepaid taxes	<u>3,504</u>	<u>7,528</u>	<u>-</u>	<u>-</u>	<u>3,504</u>	<u>7,528</u>
Total deferred inflows of resources	<u>159,611</u>	<u>369,619</u>	<u>15,668</u>	<u>79,496</u>	<u>175,279</u>	<u>449,115</u>
Net Position:						
Net Investment in capital assets	8,022,283	7,559,251	4,311,027	4,176,206	12,333,310	11,735,457
Restricted	690,491	558,527	-	-	690,491	558,527
Unrestricted	<u>3,411,958</u>	<u>3,572,926</u>	<u>2,754,687</u>	<u>2,526,272</u>	<u>6,166,645</u>	<u>6,099,198</u>
Total net position	<u>\$ 12,124,732</u>	<u>\$ 11,690,704</u>	<u>\$ 7,065,714</u>	<u>\$ 6,702,478</u>	<u>\$ 19,190,446</u>	<u>\$ 18,393,182</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 \$19,190,446 as of June 30, 2023. The Town's net position increased by \$797,264 for the fiscal year ended June 30, 2023. However, the largest portion (64.27%) 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, \$690,491, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,166,645 is unrestricted.

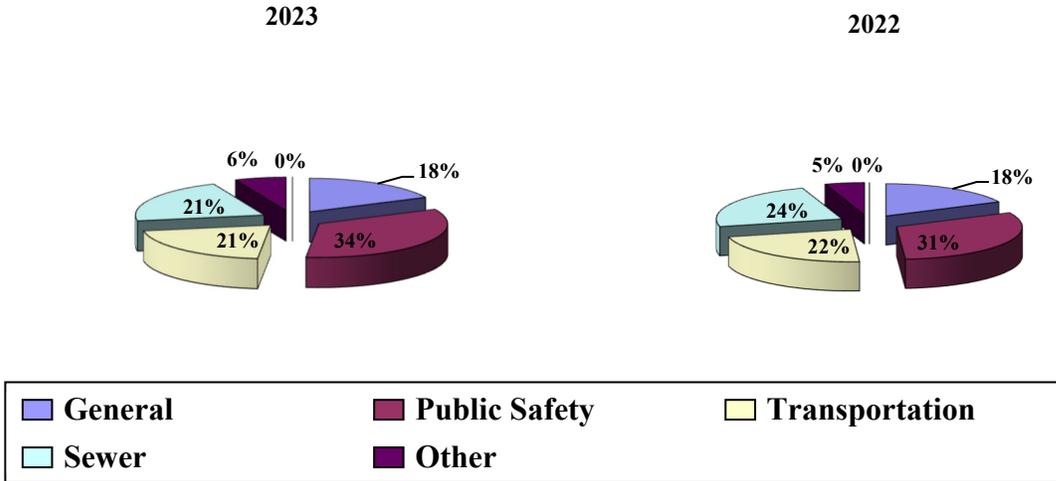
Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental net position:

- Maintained a 97.20% collection rate in property tax.
- Local option sales tax increased \$114,725 from the prior year.
- Property tax revenue increased \$47,896 from the prior year.
- Proceeds from sale of disposed assets of \$34,852.
- Unrestricted investment earnings increased \$30,172 from the prior year
- Occupancy Tax/TDA 1% reimbursement increased \$101,291 from prior year
- No new debt issued

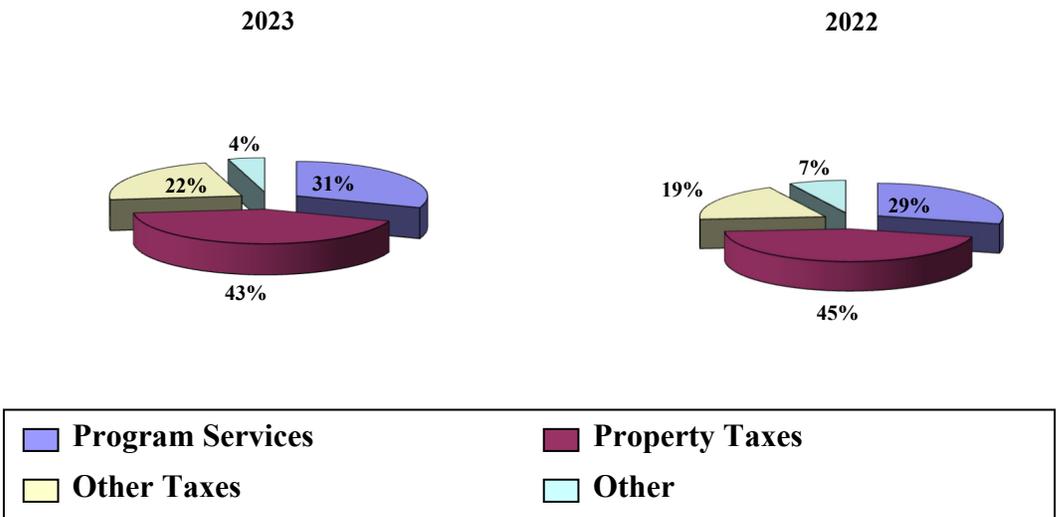
**Town of Maggie Valley Changes in Net Position
For the Years Ended June 30, 2023 and 2022
Figure 3**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues:						
Charges for services	\$ 220,874	\$ 184,978	\$ 1,157,391	\$ 1,167,105	\$ 1,378,265	\$ 1,352,083
Operating grants and contributions	123,451	79,439	30,868	-	154,319	79,439
Capital grants and contributions	-	-	57,075	-	57,075	-
General revenues:						
Property taxes	2,137,690	2,089,794	-	-	2,137,690	2,089,794
Other taxes	1,114,705	882,948	-	-	1,114,705	882,948
Grants and contributions, not restricted to specific programs	115,004	253,917	-	-	115,004	253,917
Other	<u>34,062</u>	<u>3,890</u>	<u>16,821</u>	<u>3,915</u>	<u>50,883</u>	<u>7,805</u>
Total revenues	<u>3,745,786</u>	<u>3,494,966</u>	<u>1,262,155</u>	<u>1,171,020</u>	<u>5,007,941</u>	<u>4,665,986</u>
Expenses:						
General government	751,517	652,201	-	-	751,517	652,201
Public safety	1,421,363	1,142,831	-	-	1,421,363	1,142,831
Transportation	868,289	819,988	-	-	868,289	819,988
Parks and recreation	270,578	183,856	-	-	270,578	183,856
Interest on long-term debt	11	29	-	-	11	29
Sewer Fund	<u>-</u>	<u>-</u>	<u>898,919</u>	<u>872,526</u>	<u>898,919</u>	<u>872,526</u>
Total expenses	<u>3,311,758</u>	<u>2,798,905</u>	<u>898,919</u>	<u>872,526</u>	<u>4,210,677</u>	<u>3,671,431</u>
Change in net position	434,028	696,061	363,236	298,494	797,264	994,555
Net Position:						
Beginning of year	<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>
End of year - June 30	<u>\$ 12,124,732</u>	<u>\$ 11,690,704</u>	<u>\$ 7,065,714</u>	<u>\$ 6,702,478</u>	<u>\$ 19,190,446</u>	<u>\$ 18,393,182</u>

Government-Wide Expenses
Figure 4



Government-Wide Revenues
Figure 5



Governmental Activities. Governmental activities increased the Town's net position by \$434,028 thereby accounting for 54.44% 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 \$114,725 or 14.74%
- Increase in property tax by \$47,896 or 2.29%
- Increase in solid waste collection fees by \$31,170 or 28.78% due to fee increase
- Proceeds from sale of disposed assets of \$34,852
- Increase in Unrestricted Interest Earnings by \$30,172 or 776%

Business-Type Activities. Business-type activities increased the Town of Maggie Valley's net position by \$363,236, accounting for 45.56% of the total increase in the government's net position. Key elements of this increase are as follows:

- Increase in Unrestricted Interest Earning by \$12,906 or 330%
- Grant Proceeds of \$30,868 from SCIF grant to remove a sewer creek crossing
- Grant Proceeds of \$57,075 from NC Department of Public Safety for a Levee

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 \$4,316,330, while total fund balance reached \$4,942,632. The Town currently has available fund balance of 116.76% of general fund expenditures and transfers out, while total fund balance represents 133.70% of the same amount.

At June 30, 2023, the governmental funds of the Town of Maggie Valley reported a fund balance of \$4,942,632 with a net increase in fund balance of \$7,106. Included in this change in fund balance is an increase in fund balance for the General Fund. As discussed earlier in connection with governmental activities, the increase was due to increased revenues from local sales tax, property tax, solid waste fee increases, sale of assets and investment earnings.

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 \$1,179,544.

The major increases are due to the following:

- The purchase of new doors for Town Hall \$11,740
- 2021/2022 Encumbrances \$108,797
- The Purchase of 3324 Soco Rd \$436,000
- Clean up cost for 3324 Soco Rd property \$85,000
- Town Hall Sign \$29,500
- Festival Ground Entrance Improvements \$65,700
- Parking Lot design \$22,300

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 \$2,754,687. The total change in net position for the Sewer Fund was \$363,236. 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, 2023, totals \$13,148,116 (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:

- Purchase 3324 Soco Road \$436,351
- Festival Ground Wi-Fi upgrades \$13,353
- Improved Festival Ground Entrance \$61,618
- New Townhall Road Sign \$29,700
- Completed Veterans Park \$67,069
- Purchased (2) 2022 Dodge Durango's
- BTS Paving Ladderback Ridge \$19,425
- Purchased Zero Turn Mower \$11,205
- Purchased Poly Hawk Salt Spreader \$8,680
- Townhall Entrance Enhancement \$11,740
- Townhall Entrance Doors \$14,208
- Rebuild Bar screen at Wastewater Treatment Plant \$32,165
- New Storage Shed at Wastewater Treatment Plant \$31,077
- Stonebridge Creek Crossing \$30,142
- New HVAC Mini Split at Wastewater Treatment Plant \$7,860
- Began construction on Festival Ground Parking lot \$17,280

- Began Soco Road Project \$64,900
- Began Levee Project \$57,015
- Disposed K-9 Goose with an original price of \$9,000
- Disposed of a 2014 Ford Explorer with an original price of \$26,344
- Disposed of a 2015 Dodge Charge with an original price of \$26,679
- Disposed of a 2016 Ford Explorer with an original price of \$27,754

Town of Maggie Valley's Capital Assets
(Net of depreciation)
June 30, 2023 and 2022
Figure 6

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 2,798,155	\$ 2,361,804	\$ 125,250	\$ 125,250	\$ 2,923,405	\$ 2,487,054
Construction in Progress	82,185	12,764	57,075	-	139,260	12,764
Buildings and systems	3,230,272	3,230,272	8,266,661	8,234,496	11,496,933	11,464,768
Improvements other than buildings	366,224	304,576	201,001	139,780	567,225	444,356
Machinery and equipment	1,055,226	1,001,288	250,308	242,448	1,305,534	1,243,736
Infrastructure	4,456,570	4,344,128	-	-	4,456,570	4,344,128
Vehicles	667,438	670,424	75,296	75,296	742,734	745,720
Total	12,656,070	11,925,256	8,975,591	8,817,270	21,631,661	20,742,526
Leased Equipment	9,056	-				
Accumulated depreciation	(4,633,787)	(4,365,996)	(3,849,758)	(3,663,298)	(8,483,545)	(8,029,294)
Accumulated amortization	(9,056)	-	-	-	(9,056)	-
Capital assets, net	<u>\$ 8,022,283</u>	<u>\$ 7,559,260</u>	<u>\$ 5,125,833</u>	<u>\$ 5,153,972</u>	<u>\$ 13,148,116</u>	<u>\$ 12,713,232</u>

Additional information on the Town's capital assets can be found on pages 41-43 in the notes to the financial statements.

Long-Term Debt. As of June 30, 2023, the Town of Maggie Valley had no bonded debt outstanding.

**Town of Maggie Valley's Outstanding Debt
June 30, 2023 and 2022**

Figure 7

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Direct Borrowing						
Installment purchase	\$ -	\$ -	\$ 814,806	\$ 977,776	\$ 814,806	\$ 977,776
Lease Liabilities	-	4,537	-	-	-	4,537
Total	<u>-</u>	<u>4,537</u>	<u>814,806</u>	<u>977,776</u>	<u>-</u>	<u>4,537</u>

The Town of Maggie Valley's total debt decreased by \$167,497 during the past fiscal year, primarily due to the \$167,497 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 \$42,667,366.

Additional information regarding the Town of Maggie Valley's long-term debt can be found beginning on page 58 of this report.

Economic Factors and Next Year's Budgets and Rates

- For FY23-24, 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 \$3,755,777 which is an 16.57% decrease from the previous year final budget. Based upon the Town's estimated tax value of \$509,781,140 combined with a tax collection rate of 96% will yield \$1,957,560 in property tax revenue. Fundamentally each "penny" on the tax rate equals \$48,939. The approved budget will allow the Town to operate FY23-24 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 construction 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 \$395,000. The project is expected to be completed during the FY 2023-2024 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities. The 2023-2024 budgeted expenditures in the General Fund are expected to increase by 20.68% from the prior year final budget. The increase is primarily due to the above mentioned NCDOT Pedestrian Safety Plan (Soco Road Project) coming to completion. The Town's portion of the project is \$360,000.

The major budgeted expenditures include the purchase of land for a Public Works Storage facility, construction of the storage facility, and the Bethel Village Road project. The approximate amount of fund balance to be used is \$338,748.

Business-Type Activities. The 2023 budgeted expenditures in the Sewer Fund are expected to increase by 37.61% from the prior year final budget. This increase in Sewer Fund expenditures is due to Engineering cost for the removal of a sewer creek crossing and the complete of the Levee project.

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 info@maggievalleync.gov for more information.

This page left blank intentionally.

FINANCIAL SECTION

This page left blank intentionally.

BASIC FINANCIAL STATEMENTS

This page left blank intentionally.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Primary Government</u>			<u>Town of Maggie Valley ABC Board</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 4,749,665	\$ 2,663,098	\$ 7,412,763	\$ 468,424
Taxes receivable, net	78,389	-	78,389	-
Accounts receivable, net	229,207	248,577	477,784	-
Prepays	36,130	4,769	40,899	35,609
Inventories	-	-	-	537,412
Restricted cash	495,424	-	495,424	-
Total current assets	<u>5,588,815</u>	<u>2,916,444</u>	<u>8,505,259</u>	<u>1,041,445</u>
Capital assets:				
Land and construction in progress	2,880,340	182,325	3,062,665	484,150
Other capital assets, net of depreciation	<u>5,141,943</u>	<u>4,943,508</u>	<u>10,085,451</u>	<u>899,956</u>
Total capital assets	<u>8,022,283</u>	<u>5,125,833</u>	<u>13,148,116</u>	<u>1,384,106</u>
Total assets	<u>13,611,098</u>	<u>8,042,277</u>	<u>21,653,375</u>	<u>2,425,551</u>
Deferred Outflows of Resources:				
Pension deferrals	633,301	138,529	771,830	125,076
OPEB deferrals	<u>58,166</u>	<u>11,913</u>	<u>70,079</u>	-
Total deferred outflows of resources	<u>691,467</u>	<u>150,442</u>	<u>841,909</u>	<u>125,076</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	142,511	34,865	177,376	101,922
Unearned revenue	13,850	-	13,850	-
Advance from grantor	394,229	-	394,229	-
Liabilities payable from restricted assets:				
Security deposit	13,700	-	13,700	-
Accrued interest payable	-	-	-	1,555
Distribution payable	-	-	-	99,124
Long-term liabilities due within one year	<u>42,621</u>	<u>178,213</u>	<u>220,834</u>	<u>59,978</u>
Total current liabilities	<u>606,911</u>	<u>213,078</u>	<u>819,989</u>	<u>262,579</u>
Long-term liabilities:				
Net pension liability LGERS	757,757	189,439	947,196	153,447
Total pension liability - LEOSA	389,624	-	389,624	-
Total OPEB liability	236,377	48,414	284,791	-
Due in more than one year	<u>27,553</u>	<u>660,406</u>	<u>687,959</u>	<u>9,311</u>
Total long-term liabilities	<u>1,411,311</u>	<u>898,259</u>	<u>2,309,570</u>	<u>162,758</u>
Total liabilities	<u>2,018,222</u>	<u>1,111,337</u>	<u>3,129,559</u>	<u>425,337</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		Total	Town of Maggie Valley ABC Board
	Governmental Activities	Business-Type Activities		
Deferred Inflows of Resources:				
Pension deferrals	90,632	2,257	92,889	648
OPEB deferrals	65,475	13,411	78,886	-
Prepaid taxes	3,504	-	3,504	-
Total deferred inflows of resources	159,611	15,668	175,279	648
Net Position:				
Net investment in capital assets	8,022,283	4,311,027	12,333,310	1,327,539
Restricted for:				
Stabilization by state statute	590,172	-	590,172	-
Working capital	-	-	-	120,320
Streets	87,495	-	87,495	-
Public safety	12,824	-	12,824	-
Unrestricted	3,411,958	2,754,687	6,166,645	676,783
Total net position	\$ 12,124,732	\$ 7,065,714	\$ 19,190,446	\$ 2,124,642

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

This page left blank intentionally.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<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	\$ 751,517	\$ 4,860	\$ 62,930	\$ -
Public safety	1,421,363	30,124	9,515	-
Transportation	868,289	139,460	51,006	-
Parks and recreation	270,578	46,430	-	-
Interest on long-term debt	11	-	-	-
Total governmental activities	<u>3,311,758</u>	<u>220,874</u>	<u>123,451</u>	<u>-</u>
Business-Type Activities:				
Sewer	<u>898,919</u>	<u>1,157,391</u>	<u>30,868</u>	<u>57,075</u>
Total primary government	<u>\$ 4,210,677</u>	<u>\$ 1,378,265</u>	<u>\$ 154,319</u>	<u>\$ 57,075</u>
Component Unit:				
ABC Board	<u>\$ 982,456</u>	<u>\$ 1,003,340</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, 2023

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Town of Maggie Valley ABC Board
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ (683,727)	\$ -	\$ (683,727)	
Public safety	(1,381,724)	-	(1,381,724)	
Transportation	(677,823)	-	(677,823)	
Parks and recreation	(224,148)	-	(224,148)	
Interest on long-term debt	(11)	-	(11)	
Total governmental activities	<u>(2,967,433)</u>	<u>-</u>	<u>(2,967,433)</u>	
Business-Type Activities:				
Sewer	-	346,415	346,415	
Total primary government	<u>(2,967,433)</u>	<u>346,415</u>	<u>(2,621,018)</u>	
Component Unit:				
ABC Board				<u>\$ 20,884</u>
General Revenues:				
Taxes:				
Property taxes	2,137,690	-	2,137,690	-
Local option sales tax	778,100	-	778,100	-
Franchise tax	224,476	-	224,476	-
Occupancy tax	111,105	-	111,105	-
Disposal tax	1,024	-	1,024	-
Unrestricted intergovernmental revenues	115,004	-	115,004	-
Unrestricted investment earnings	34,062	16,821	50,883	62
Total general revenues	<u>3,401,461</u>	<u>16,821</u>	<u>3,418,282</u>	<u>62</u>
Change in net position	434,028	363,236	797,264	20,946
Net Position:				
Beginning of year - July 1	<u>11,690,704</u>	<u>6,702,478</u>	<u>18,393,182</u>	<u>2,103,696</u>
End of year - June 30	<u>\$ 12,124,732</u>	<u>\$ 7,065,714</u>	<u>\$ 19,190,446</u>	<u>\$ 2,124,642</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Major Funds		
	General Fund	ARP Grant Project Fund	Total
Assets:			
Cash and cash equivalents	\$ 4,749,665	\$ -	\$ 4,749,665
Restricted cash	101,195	394,229	495,424
Receivables, net:			
Taxes	78,389	-	78,389
Accounts	229,207	-	229,207
Prepays	36,130	-	36,130
Total assets	\$ 5,194,586	\$ 394,229	\$ 5,588,815
Liabilities, Deferred Inflows of Resources, and Fund Balance:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 142,511	\$ -	\$ 142,511
Unearned revenue	13,850	-	13,850
Advance from grantor	-	394,229	394,229
Liabilities payable from restricted assets:			
Security deposits	13,700	-	13,700
Total liabilities	170,061	394,229	564,290
Deferred Inflows of Resources:			
Property taxes receivable	78,389	-	78,389
Prepaid taxes	3,504	-	3,504
Total deferred inflows of resources	81,893	-	81,893
Fund Balance:			
Non-spendable:			
Prepays	36,130	-	36,130
Restricted:			
Stabilization by state statute	590,172	-	590,172
Streets	87,495	-	87,495
Public safety	12,824	-	12,824
Committed	401,957	-	401,957
Assigned	366,154	-	366,154
Unassigned	3,447,900	-	3,447,900
Total fund balance	4,942,632	-	4,942,632
Total liabilities, deferred inflows of resources, and fund balance	\$ 5,194,586	\$ 394,229	\$ 5,588,815

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	Total
Total fund balance	\$ 4,942,632
<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.	8,022,283
Net pension liability - LGERS	(757,757)
Total pension liability - LEOSSA	(389,624)
Total OPEB liability	(236,377)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(70,174)
Deferred outflows of resources related to pensions are not reported in the funds.	633,301
Deferred outflows of resources related to OPEB are not reported in the funds.	58,166
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	78,389
Deferred inflows of resources related to pensions are not reported in the funds.	(90,632)
Deferred inflows of resources related to OPEB are not reported in the funds.	(65,475)
Net position of governmental activities per Exhibit A	\$ 12,124,732

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, 2023

	<u>Major Funds</u>		<u>Total</u>
	<u>General Fund</u>	<u>ARP Grant Project Fund</u>	
Revenues:			
Ad valorem taxes	\$ 2,095,725	\$ -	\$ 2,095,725
Other taxes	1,114,705	-	1,114,705
Unrestricted intergovernmental revenues	115,004	-	115,004
Restricted intergovernmental revenues	60,521	-	60,521
Permits and fees	30,124	-	30,124
Sales and services	190,750	-	190,750
Interest earned on investments	34,062	-	34,062
Miscellaneous	62,930	-	62,930
Total revenues	<u>3,703,821</u>	<u>-</u>	<u>3,703,821</u>
Expenditures:			
Current:			
General government	705,402	-	705,402
Public safety	1,360,242	-	1,360,242
Transportation	793,228	-	793,228
Parks and recreation	833,295	-	833,295
Debt service:			
Principal	4,537	-	4,537
Interest	11	-	11
Total expenditures	<u>3,696,715</u>	<u>-</u>	<u>3,696,715</u>
Net change in fund balances	7,106	-	7,106
Fund Balances:			
Beginning of year - July 1	<u>4,935,526</u>	<u>-</u>	<u>4,935,526</u>
End of year - June 30	<u>\$ 4,942,632</u>	<u>\$ -</u>	<u>\$ 4,942,632</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, 2023**

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

Net change in fund balances - total governmental funds (Exhibit D) \$ 7,106

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 41,965

OPEB plan expense (28,141)

Pension expense - LGERS (87,967)

Pension expense - LEOSSA 17,910

Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement. 20,123

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. 820,591

Depreciation and amortization expense allocates the costs of capital and right to use assets over their useful lives. These are not reported as an expenditure in the governmental funds statement. (362,096)

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. 4,537

Change in net position of governmental activities per Exhibit B \$ 434,028

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, 2023

	<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	\$ 2,082,944	\$ 2,082,944	\$ 2,095,725	\$ 12,781
Other taxes	936,334	959,284	1,114,705	155,421
Unrestricted intergovernmental	23,785	23,785	115,004	91,219
Restricted intergovernmental	49,367	50,286	60,521	10,235
Permits and fees	21,128	21,128	30,124	8,996
Sales and services	178,392	178,392	190,750	12,358
Interest earned on investments	3,150	3,150	34,062	30,912
Miscellaneous	26,944	26,944	62,930	35,986
Total revenues	<u>3,322,044</u>	<u>3,345,913</u>	<u>3,703,821</u>	<u>357,908</u>
Expenditures:				
Current:				
General government	759,254	816,661	705,402	111,259
Public safety	1,457,384	1,437,347	1,360,242	77,105
Transportation	851,616	1,297,788	793,228	504,560
Parks and recreation	253,790	945,244	833,295	111,949
Debt service:				
Principal	-	4,537	4,537	-
Interest	-	11	11	-
Total expenditures	<u>3,322,044</u>	<u>4,501,588</u>	<u>3,696,715</u>	<u>804,873</u>
Revenues over (under) expenditures	-	(1,155,675)	7,106	1,162,781
Other Financing Sources (Uses):				
Appropriated fund balance	-	1,155,675	-	(1,155,675)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	7,106	<u>\$ 7,106</u>
Fund Balance:				
Beginning of year - July 1			<u>4,935,526</u>	
End of year - June 30			<u>\$ 4,942,632</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, 2023

	<u>Major Fund</u> <u>Sewer Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,663,098
Accounts receivable, net	248,577
Prepays	4,769
Total current assets	<u>2,916,444</u>
Non-current assets:	
Land and other non-depreciable assets	182,325
Other capital assets, net of depreciation	4,943,508
Total capital assets, net	<u>5,125,833</u>
Total assets	<u>8,042,277</u>
Deferred Outflows of Resources:	
OPEB deferrals	11,913
Pension deferrals	138,529
Total deferred outflows of resources	<u>150,442</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	34,865
Current portion of installment purchase contracts	162,960
Current portion of compensated absences payable	15,253
Total current liabilities	<u>213,078</u>
Non-current liabilities:	
Installment purchase contracts payable	651,846
Compensated absences payable	8,560
Net pension liability	189,439
Total OPEB liability	48,414
Total non-current liabilities	<u>898,259</u>
Total liabilities	<u>1,111,337</u>
Deferred Inflows of Resources:	
OPEB deferrals	13,411
Pension deferrals	2,257
Total deferred inflows of resources	<u>15,668</u>
Net Position:	
Net investment in capital assets	4,311,027
Unrestricted	2,754,687
Total net position	<u>\$ 7,065,714</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, 2023**

	<u>Major Fund</u> <u>Sewer Fund</u>
Operating Revenues:	
Charges for services	\$ 1,155,640
Operating Expenses:	
Administration	357,850
Waste collection and treatment	334,076
Depreciation	186,460
Total operating expenses	<u>878,386</u>
Operating income (loss)	<u>277,254</u>
Non-Operating Revenues (Expenses):	
Interest earned on investments	16,821
Grant revenue	30,868
Miscellaneous	1,751
Interest expense	<u>(20,533)</u>
Total non-operating revenues (expenses)	<u>28,907</u>
Income before capital contributions	306,161
Capital contribution	<u>57,075</u>
Change in net position	363,236
Net Position:	
Beginning of year - July 1	<u>6,702,478</u>
End of year - June 30	<u>\$ 7,065,714</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, 2023

	<u>Major Fund</u> <u>Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,078,761
Cash paid for goods and services	(332,205)
Cash paid to employees for services	(341,362)
Other revenues	1,751
Net cash provided (used) by operating activities	<u>406,945</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(158,321)
Capital contributions	57,075
Grant proceeds	30,868
Principal paid on installment purchase contracts	(162,960)
Interest paid on debt	(20,533)
Net cash provided (used) by capital and related financing activities	<u>(253,871)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>16,821</u>
Net increase (decrease) in cash and cash equivalents	169,895
Cash and cash equivalents - July 1	<u>2,493,203</u>
Cash and cash equivalents - June 30	<u>\$ 2,663,098</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 277,254
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	186,460
Non-operating revenue	1,751
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(76,879)
(Increase) decrease in prepaid items	(3,459)
Increase (decrease) in deferred outflows of resources for OPEB	3,487
(Increase) decrease in deferred outflows of resources for pensions	(50,328)
Increase (decrease) in deferred inflows of resources for pensions	(69,271)
Increase (decrease) in deferred inflows of resources for OPEB	5,443
Increase (decrease) in net pension liability	141,591
Increase (decrease) in trade accounts payable and accrued liabilities	475
Increase (decrease) in other post-employment benefits	<u>(9,579)</u>
Net cash provided (used) by operating activities	<u>\$ 406,945</u>

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

This page left blank intentionally.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023

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. An Enterprise Capital Project Fund has been consolidated into the Sewer Fund for financial reporting purposes. The budgetary comparison for the Enterprise Capital Project Fund has been included in the supplemental information.

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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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.

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/amortization 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 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, 2023

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, other post-employment benefits, and law enforcement officers' pension obligations.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the enterprise funds. A multi-year project budget is adopted for the special revenue grant fund and the enterprise fund capital projects 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.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

Deposits and Investments

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

State law [G.S. 159-30] 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, 2023

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, 2023 consists of the following:

Governmental Activities:

General Fund:

Transportation - streets	\$ 87,495
Parks and recreation - security deposit	13,700

ARP Fund:

Unspent grant funds	<u>394,229</u>
---------------------	----------------

Total governmental activities	<u>495,424</u>
--------------------------------------	----------------

Total restricted cash	<u>\$ 495,424</u>
------------------------------	-------------------

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2022. 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, 2023

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. The cost of these inventories is expensed when consumed rather than when purchased.

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.

The Town's capital assets also include certain right-to-use assets. These right-to-use assets arise in association with agreements where the Town reports a lease (only applies when the Town is the lessee) in accordance with the requirements of GASB 87.

The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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 (reported only on the Balance Sheet of the Governmental Funds), 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, 2023

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, 2023

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	<u>395,000</u>
Total	<u>\$ 401,957</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.

<i>Assigned for Subsequent Year's Expenditures</i> - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.	<u>General Fund</u> \$ <u>366,154</u>
---	--

Unassigned Fund Balance

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

The Town has not officially adopted a fund balance policy.

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

Total Fund Balance - General Fund	\$	4,942,632
Less:		
Prepays		36,130
Stabilization by state statute		<u>590,172</u>
Total available fund balance	\$	<u><u>4,316,330</u></u>

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

	<u>General Fund</u>
Encumbrances	<u><u>\$ 360,965</u></u>

Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local 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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

2. Stewardship, Compliance, and Accountability

A. Non-Compliance with North Carolina General Statutes

- i. N.C. General Statute 159-34 requires the County to have an audit as soon as possible after the close of each fiscal year. The 2023 audit was delayed; refer to finding 2023-004 for further information.
- ii. N.C. General Statute 159-33 requires the Town to submit a semi-annual Cash and Investment Report (LGC-203) to the Local Government Commission by January 25th and July 25th of each year. The Town experienced turnover in key financial personnel, thus resulting in delays in required reporting; refer to finding 2023-003 for further information.

3. Detail Notes On All Funds

A. Assets

Deposits

All of the deposits of the Town and of the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or ABC Board's agent in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and the ABC Board, these deposits are considered to be held by the Town's or ABC Board's agent in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the ABC Board or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town and the ABC Board have no policies regarding custodial credit risk for deposits. The Town complies with G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023, the Town's deposits had a carrying amount of \$7,214,809 and a bank balance of \$7,318,340. Of the bank balance, \$255,381 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The Town also has cash on hand of \$300 at June 30, 2023.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

The ABC Board’s deposits had a carrying value of \$463,314 and a bank balance of \$445,658 at June 30, 2023. \$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, 2023, 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	\$ 693,078	\$ 693,078

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, 2023.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Capital Assets

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

Governmental Activities:

	<u>June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2023</u>
Non-Depreciable Capital Assets:					
Land	\$ 2,361,804	\$ 436,351	\$ -	\$ -	\$ 2,798,155
Construction in progress	12,764	82,185	-	(12,764)	82,185
Total non-depreciable capital assets	<u>2,374,568</u>	<u>518,536</u>	<u>-</u>	<u>(12,764)</u>	<u>2,880,340</u>
Depreciable Capital Assets:					
Buildings	3,230,272	-	-	-	3,230,272
Improvements, other than buildings	304,576	61,648	-	-	366,224
Machinery and equipment	1,001,288	62,938	(9,000)	-	1,055,226
Vehicles	670,424	77,791	(80,777)	-	667,438
Infrastructure	4,344,128	99,678	-	12,764	4,456,570
Total depreciable capital assets	<u>9,550,688</u>	<u>302,055</u>	<u>(89,777)</u>	<u>12,764</u>	<u>9,775,730</u>
Right-to-Use Asset:					
Leased equipment	9,056	-	-	-	9,056
Less Accumulated Depreciation:					
Buildings	1,341,627	85,970	-	-	1,427,597
Improvements, other than buildings	215,444	9,899	-	-	225,343
Machinery and equipment	657,576	41,612	(9,000)	-	690,188
Vehicles	460,612	77,231	(80,777)	-	457,066
Infrastructure	1,690,737	142,856	-	-	1,833,593
Total accumulated depreciation	<u>4,365,996</u>	<u>357,568</u>	<u>(89,777)</u>	<u>-</u>	<u>4,633,787</u>
Less Accumulated Amortization:					
Leased equipment	4,528	4,528	-	-	9,056
Governmental activities capital assets, net	<u>\$ 7,563,788</u>				<u>\$ 8,022,283</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Business-Type Activities:

	<u>June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>
Sewer Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 125,250	\$ -	\$ -	\$ 125,250
Construction in progress	-	57,075	-	57,075
Total non-depreciable capital assets	125,250	57,075	-	182,325
Depreciable Capital Assets:				
Building and systems	8,234,496	32,165	-	8,266,661
Improvements, other than buildings	139,780	61,221	-	201,001
Machinery and equipment	242,448	7,860	-	250,308
Vehicles	75,296	-	-	75,296
Total depreciable capital assets	8,692,020	101,246	-	8,793,266
Less Accumulated Depreciation:				
Buildings and systems	3,413,535	167,150	-	3,580,685
Improvements, other than buildings	45,253	3,718	-	48,971
Machinery and equipment	133,917	12,068	-	145,985
Vehicles	70,593	3,524	-	74,117
Total accumulated depreciation	3,663,298	186,460	-	3,849,758
Sewer Fund				
capital assets, net	\$ 5,153,972			\$ 5,125,833

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

Governmental Activities:

General government	\$ 40,400
Public safety	88,524
Transportation	183,788
Parks and recreation	49,384
Total	\$ 362,096

Business-Type Activities:

Sewer Fund	\$ 186,460
------------	------------

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2023 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 8,022,283	\$ 5,125,833
Less: long-term debt	-	(814,806)
Net investment in capital assets	\$ 8,022,283	\$ 4,311,027

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	100,547	40,623	59,924
Store building	30 years	1,211,278	454,724	756,554
Office and store equipment	5-10 years	261,491	178,013	83,478
Total		\$ 2,057,466	\$ 673,360	\$ 1,384,106

Receivables

Receivables at the government-wide level at June 30, 2023 were as follows:

	Accounts	Taxes	Due From Other Governments	Total
Governmental Activities:				
General	\$ 31,967	\$ 108,189	\$ 198,533	\$ 338,689
Allowance for doubtful accounts	(1,293)	(29,800)	-	(31,093)
Total governmental activities	\$ 30,674	\$ 78,389	\$ 198,533	\$ 307,596
Business-Type Activities:				
Sewer Fund	\$ 196,770	-	\$ 57,075	\$ 253,845
Total receivables	196,770	-	57,075	253,845
Allowance for doubtful accounts	(5,268)	-	-	(5,268)
Total business-type activities	\$ 191,502	\$ -	\$ 57,075	\$ 248,577

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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	\$ 13,370	\$ -	\$ -	\$ 13,370
ABC Board distribution	-	-	99,124	99,124
Sales and use tax distribution	-	62,358	-	62,358
Sales tax refund	7,611	16,070	-	23,681
Total governmental funds	<u>\$ 20,981</u>	<u>\$ 78,428</u>	<u>\$ 99,124</u>	<u>\$ 198,533</u>
Business-Type Funds:				
Sewer Fund:				
Department of Public Safety	<u>\$ -</u>	<u>\$ 57,075</u>	<u>\$ -</u>	<u>\$ 57,075</u>

B. Liabilities

Accounts payable and accrued liabilities are composed of the following amounts at June 30, 2023:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities	<u>\$ 86,510</u>	<u>\$ 56,001</u>	<u>\$ 142,511</u>
Business-type activities	<u>\$ 24,694</u>	<u>\$ 10,171</u>	<u>\$ 34,865</u>

Pension Plan Obligations

Local Governmental Employees' Retirement System

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Maggie Valley employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town and the ABC Board's contractually required contribution rate for the year ended June 30, 2023, was 13.10% of compensation for law enforcement officers and 12.10% 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 \$177,468 and \$38,517, respectively, for the year ended June 30, 2023.

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

At June 30, 2023, the Town reported a liability of \$947,196 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2023 (measured as of June 30, 2022), the Town's proportion was .01679%, which was an increase of .00119% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the Town recognized pension expense of \$287,427. At June 30, 2023, 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	\$ 40,814	\$ 4,002
Changes of assumptions	94,509	-
Net difference between projected and actual earnings on pension plan investments	313,058	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	66,801	7,289
Town contributions subsequent to the measurement date	177,468	-
Total	\$ 692,650	\$ 11,291

\$177,468 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, 2024. 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
2024	\$ 162,940
2025	150,054
2026	41,750
2027	149,147
2028	-
Thereafter	-
Total	\$ 503,891

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Actuarial Assumptions. The total pension liability in the December 31, 2021 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, 2021, valuation, with the exception of the discount rate, were based on the results of an actuarial experience study prepared as of December 31, 2019, and adopted by the Board of Trustees on January 28, 2021.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the

foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic fixed income	7.0%	5.0%
Inflation sensitive	6.0%	2.7%
Total	100.0%	

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, 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 2.25%. 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)	\$ 1,709,566	\$ 947,196	\$ 318,958

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

Law Enforcement Officers’ Special Separation Allowance

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2021, 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, 2021 valuation. The total pension liability in the December 31, 2021 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	4.31 percent

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

The actuarial assumptions used in the December 31, 2021 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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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.

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

At June 30, 2023, the Town reported a total pension liability of \$389,624. The total pension liability was measured as of December 31, 2022, based on a December 31, 2021 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2022, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$27,498.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 33,097	\$ 27,773
Changes of assumptions	23,928	53,825
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>22,155</u>	<u>-</u>
Total	<u><u>\$ 79,180</u></u>	<u><u>\$ 81,598</u></u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

\$22,155 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, 2024. 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
2024	\$ 1,428
2025	(3,894)
2026	(7,107)
2027	(9,113)
2028	(5,887)
Thereafter	-
Total	<u>\$ (24,573)</u>

Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate. The following presents the Town's total pension liability calculated using the discount rate of 4.31 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	<u>\$ 415,272</u>	<u>\$ 389,624</u>	<u>\$ 366,279</u>

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

	2023
Beginning balance	<u>\$ 476,050</u>
Service cost	18,528
Interest on the total pension liability	10,234
Differences between expected and actual experience in the measurement of the total pension liability	(17,191)
Changes of assumptions or other inputs	(55,553)
Benefit payments	<u>(42,444)</u>
Net changes	<u>(86,426)</u>
Ending balance of the total pension liability	<u>\$ 389,624</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.25% at December 31, 2021 to 4.31% at December 31, 2022.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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)	0.01679%	NA	-
Pension liability	\$ 947,196	\$ 389,624	\$ 1,336,820
Pension expense	287,427	27,498	314,925

At June 30, 2023, 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	\$ 40,814	\$ 33,097	\$ 73,911
Changes of assumptions	94,509	23,928	118,437
Net difference between projected and actual earnings on pension plan investments	313,058	-	313,058
Changes in proportion and differences between Town contributions and proportionate share of contributions	66,801	-	66,801
Town contributions (LGERS) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	177,468	22,155	199,623
Total	\$ 692,650	\$ 79,180	\$ 771,830

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ 4,002	\$ 27,773	\$ 31,775
Changes of assumptions	-	53,825	53,825
Changes in proportion and differences between Town contributions and proportionate share of contributions	7,289	-	7,289
Total	<u>\$ 11,291</u>	<u>\$ 81,598</u>	<u>\$ 92,889</u>

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2023 were \$62,323, which consisted of \$29,489 from the Town and \$32,834 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, 2023 were \$45,645, which consisted of \$15,289 from the Town and \$30,356 from the non-law enforcement employees. No amounts have been forfeited.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 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, 2023, the Town made payments for post-retirement health benefits premiums of \$0. The Town purchases insurance from a private carrier for healthcare coverage. A separate report was not issued for the Plan. The Plan is a single-employer defined benefit plan. The Town Council may amend the benefit provisions.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

Funding Policy

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

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

Total OPEB Liability

The Town's total OPEB liability of \$284,791 was measured as of June 30, 2022, 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
Real wage growth	0.75 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	3.54 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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2022	\$ 305,220
Changes for the year:	
Service cost	21,711
Interest	7,062
Differences between expected and actual experience	(1,758)
Changes of assumptions or other inputs	(47,444)
Net changes	(20,429)
Balance at June 30, 2023	\$ 284,791

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 2.16% to 3.54%.

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 increase 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.

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 (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 318,408	\$ 284,791	\$ 254,915

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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	\$ 244,968	\$ 284,791	\$ 332,533

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$31,042. At June 30, 2023, 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	\$ 2,286	\$ 30,706
Changes of assumptions	67,793	48,180
Total	\$ 70,079	\$ 78,886

\$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, 2024. 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
2024	\$ (1,281)
2025	(1,281)
2026	92
2027	1,123
2028	1,179
Thereafter	(8,639)
Total	\$ (8,807)

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Deferred Outflows and Inflows of Resources

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

	Amount
OPEB deferrals	\$ 70,079
Pension deferrals	771,830
Total	\$ 841,909

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

	Statement of Net Position	General Fund Balance Sheet
Deferred Inflows:		
Taxes receivable	\$ -	\$ 78,389
Prepaid taxes	3,504	3,504
OPEB deferrals	78,886	-
Pension deferrals	92,889	-
Total	\$ 175,279	\$ 81,893

Long-Term Obligations

Installment Purchase Contracts

Serviced by Sewer Fund:

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

\$ 814,806

The Town's outstanding note from direct borrowings related to business-type activities of \$814,806 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, 2023

The future minimum payments of the Sewer Fund long-term debt note payable as of June 30, 2023 are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>162,966</u>	<u>3,422</u>	<u>166,388</u>
Total	<u>\$ 814,806</u>	<u>\$ 51,333</u>	<u>\$ 866,139</u>

Changes in Long-Term Debt

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

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>	<u>Current Portion</u>
Governmental Activities:					
Total OPEB liability	\$ 247,227	\$ -	\$ 10,850	\$ 236,377	\$ -
Net pension liability (LGERS)	191,393	566,364	-	757,757	-
Total pension liability (LEOSSA)	476,050	-	86,426	389,624	-
Lease liabilities	4,537	-	4,537	-	-
Compensated absences	90,297	59,357	79,480	70,174	42,621
Total	<u>\$ 1,009,504</u>	<u>\$ 625,721</u>	<u>\$ 181,293</u>	<u>\$ 1,453,932</u>	<u>\$ 42,621</u>

Compensated absences, other post-employment benefits, and net pension liability for governmental activities typically have been liquidated in the General Fund. The Town's legal debt limit is 8.0% of the Town's assessed value of taxable property. The Town's legal debt limit as of June 30, 2023 amounts to \$42,667,366.

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

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2023</u>	<u>Current Portion</u>
Business-Type Activities:					
Sewer Fund:					
Direct borrowing					
installment purchase	\$ 977,766	\$ -	\$ 162,960	\$ 814,806	\$162,960
Total OPEB liability	57,993	-	9,579	48,414	-
Net pension liability (LGERS)	47,848	141,591	-	189,439	-
Compensated absences	28,668	17,446	22,301	23,813	15,253
Total Sewer Fund	<u>\$ 1,112,275</u>	<u>\$ 159,037</u>	<u>\$ 194,840</u>	<u>\$ 1,076,472</u>	<u>\$178,213</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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>
JM Teague - Engineering for Festival Ground Parking lot	\$ 17,200	\$ 5,870
NC DOT - Soco Road Project	64,905	355,095
Performance Automotive - 2023 F 150 Crew cab truck	-	45,558
Withers Ravenel - Levee Engineering	57,075	30,925

Risk Management

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

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

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

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Officer and Tax Collector/Deputy Town Clerk are individually bonded for \$520,000 and \$25,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

4. 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.

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 allocated \$394,229 in American Rescue Plan funding to be paid in two installments. The first installment of \$197,114 was received in July 2021. The second installment of \$197,115 was received in July 2022. The town elected to use the ARPA funds for salaries in the Sewer Fund beginning in fiscal year 2024. No amounts have been spent to date.

This page left blank intentionally.

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

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

Other Post-Employment Benefits			
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Service cost	\$ 21,711	\$ 17,460	\$ 12,800
Interest	7,062	6,227	7,733
Differences between expected and actual experience	(1,758)	(36,497)	(945)
Changes of assumptions or other inputs	(47,444)	53,708	36,605
Net change in total OPEB liability	(20,429)	40,898	56,193
Total OPEB liability - beginning	305,220	264,322	208,129
Total OPEB liability - ending	<u>\$ 284,791</u>	<u>\$ 305,220</u>	<u>\$ 264,322</u>
Covered-employee payroll	\$ 1,000,412	\$ 1,000,412	\$ 936,083
Total OPEB liability as a percentage of covered-employee payroll	28.47%	30.51%	28.24%

Notes to the Required Schedules:

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

<u>Fiscal Year</u>	<u>Rate</u>
2023	3.54%
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

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

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

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

Law Enforcement Officers' Special Separation Allowance				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 476,050	\$ 455,835	\$ 441,720	\$ 437,271
Service cost	18,528	18,687	9,637	13,525
Interest on the total pension liability	10,234	8,388	13,821	15,363
Differences between expected and actual experience in the measurement of the total pension liability	(17,191)	46,189	(38,244)	(4,964)
Changes of assumptions or other inputs	(55,553)	(10,605)	64,413	10,954
Benefit payments	(42,444)	(42,444)	(35,512)	(30,429)
Ending balance of the total pension liability	<u>\$ 389,624</u>	<u>\$ 476,050</u>	<u>\$ 455,835</u>	<u>\$ 441,720</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 CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SEVEN FISCAL YEARS

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

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 SEVEN FISCAL YEARS**

Law Enforcement Officers' Special Separation Allowance				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 389,624	\$ 476,050	\$ 455,835	\$ 441,720
Covered-employee payroll	530,467	469,339	307,838	461,564
Total pension liability as a percentage of covered-employee payroll	73.45%	101.43%	148.08%	95.70%

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

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

Law Enforcement Officers' Special Separation Allowance			
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 437,271	\$ 428,031	\$ 466,777
Covered-employee payroll	443,075	431,372	504,068
Total pension liability as a percentage of covered-employee payroll	98.69%	99.23%	92.60%

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2023	2022	2021	2020	2019
Town of Maggie Valley's proportion of the net pension liability (asset) (%)	0.01679%	0.01560%	0.01172%	0.01488%	0.01608%
Town of Maggie Valley's proportion of the net pension liability (asset) (\$)	\$ 947,196	\$ 239,241	\$ 418,806	\$ 406,361	\$ 381,473
Town of Maggie Valley's covered payroll	\$ 1,236,667	\$ 1,145,871	\$ 1,137,354	\$ 1,060,866	\$ 1,002,804
Town of Maggie Valley's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	76.59%	20.88%	36.82%	38.30%	38.04%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%

* 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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2018	2017	2016	2015	2014
Town of Maggie Valley's proportion of the net pension liability (asset) (%)	0.01668%	0.01690%	0.01716%	0.01633%	0.01870%
Town of Maggie Valley's proportion of the net pension liability (asset) (\$)	\$ 254,825	\$ 358,676	\$ 76,969	\$ (96,305)	\$ 225,407
Town of Maggie Valley's covered payroll	\$ 1,077,101	\$ 999,070	\$ 953,727	\$ 964,123	\$ 968,081
Town of Maggie Valley's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.66%	35.90%	8.07%	(9.99%)	23.28%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

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

Local Governmental Employees' Retirement System					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 177,468	\$ 143,686	\$ 119,689	\$ 105,130	\$ 85,368
Contributions in relation to the contractually required contribution	<u>177,468</u>	<u>143,686</u>	<u>119,689</u>	<u>105,130</u>	<u>85,368</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Maggie Valley's covered payroll	\$ 1,421,471	\$ 1,236,667	\$ 1,145,871	\$ 1,137,354	\$ 1,060,866
Contributions as a percentage of covered payroll	12.48%	11.62%	10.45%	9.24%	8.05%

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

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

Local Governmental Employees' Retirement System					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 78,305	\$ 81,516	\$ 68,721	\$ 68,886	\$ 68,411
Contributions in relation to the contractually required contribution	<u>78,305</u>	<u>81,516</u>	<u>68,721</u>	<u>68,886</u>	<u>68,411</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Town of Maggie Valley's covered payroll	\$ 1,002,804	\$ 1,077,101	\$ 999,070	\$ 953,727	\$ 964,123
Contributions as a percentage of covered payroll	7.81%	7.57%	6.88%	7.22%	7.10%

This page left blank intentionally.

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.

This page left blank intentionally.

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, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 2,057,094	\$ 2,070,093	\$ 12,999
Prior years	14,500	14,646	146
Penalty and interest	11,350	10,986	(364)
Total ad valorem taxes	<u>2,082,944</u>	<u>2,095,725</u>	<u>12,781</u>
Other Taxes :			
Local option sales tax	695,508	778,100	82,592
Beer and wine tax	5,763	8,272	2,509
Cable TV franchise tax	37,627	46,635	9,008
Solid waste disposal tax	1,119	1,024	(95)
Occupancy tax	63,950	111,105	47,155
Utility franchise tax	155,317	169,569	14,252
Total other taxes	<u>959,284</u>	<u>1,114,705</u>	<u>155,421</u>
Unrestricted Intergovernmental Revenues:			
Beer and wine licenses	785	880	95
ABC profit distribution	23,000	114,124	91,124
Total unrestricted intergovernmental revenues	<u>23,785</u>	<u>115,004</u>	<u>91,219</u>
Restricted Intergovernmental Revenues:			
Safety rquipment grant	-	1,999	1,999
Powell Bill	47,967	51,006	3,039
Drug recovery funds	919	6,089	5,170
Court/officer fees	500	927	427
NCLM Safety grant	900	500	(400)
Total restricted intergovernmental revenues	<u>50,286</u>	<u>60,521</u>	<u>10,235</u>
Permits and Fees:			
Zoning permits	20,628	29,803	9,175
Sign permits	500	321	(179)
Total permits and fees	<u>21,128</u>	<u>30,124</u>	<u>8,996</u>
Sales and Services:			
Rental and collection fees	<u>178,392</u>	<u>190,750</u>	<u>12,358</u>
Investment Earnings	<u>3,150</u>	<u>34,062</u>	<u>30,912</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, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Miscellaneous:			
Other contributions and donations	-	20	20
Other miscellaneous	26,944	62,910	35,966
Total miscellaneous	<u>26,944</u>	<u>62,930</u>	<u>35,986</u>
Total revenues	<u>3,345,913</u>	<u>3,703,821</u>	<u>357,908</u>
Expenditures:			
General Government:			
Administration/Governing Board:			
Salaries and benefits	524,050	465,645	58,405
Operating	267,611	239,757	27,854
Capital outlay	25,000	-	25,000
Total general government	<u>816,661</u>	<u>705,402</u>	<u>111,259</u>
Public Safety:			
Police:			
Salaries and benefits	1,043,282	982,016	61,266
Operating	310,612	295,023	15,589
Capital outlay	83,453	83,203	250
Total police	<u>1,437,347</u>	<u>1,360,242</u>	<u>77,105</u>
Total public safety	<u>1,437,347</u>	<u>1,360,242</u>	<u>77,105</u>
Transportation:			
Streets and Highways:			
Salaries and benefits	352,914	312,198	40,716
Operating expenses	427,908	349,159	78,749
Capital outlay	468,999	110,738	358,261
Total streets and highways	<u>1,249,821</u>	<u>772,095</u>	<u>477,726</u>
Powell Bill:			
Salaries and benefits	1,384	-	1,384
Operating	12,800	1,708	11,092
Capital outlay	33,783	19,425	14,358
Total Powell Bill	<u>47,967</u>	<u>21,133</u>	<u>26,834</u>
Total transportation	<u>1,297,788</u>	<u>793,228</u>	<u>504,560</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, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Parks and Recreation:			
Operating expenses	21,760	16,509	5,251
Capital outlay	112,073	84,005	28,068
Total	<u>133,833</u>	<u>100,514</u>	<u>33,319</u>
Festival Grounds:			
Salaries and benefits	86,449	51,656	34,793
Operating expenses	186,477	152,493	33,984
Capital outlay	538,485	528,632	9,853
Total	<u>811,411</u>	<u>732,781</u>	<u>78,630</u>
Total parks and recreation	<u>945,244</u>	<u>833,295</u>	<u>111,949</u>
Debt Service:			
Principal	4,537	4,537	-
Interest and fees	11	11	-
Total debt service	<u>4,548</u>	<u>4,548</u>	<u>-</u>
Total expenditures	<u>4,501,588</u>	<u>3,696,715</u>	<u>804,873</u>
Revenues over (under) expenditures	(1,155,675)	7,106	1,162,781
Other Financing Sources (Uses):			
Appropriated fund balance	<u>1,155,675</u>	<u>-</u>	<u>(1,155,675)</u>
Net change in fund balance	<u>\$ -</u>	<u>7,106</u>	<u>\$ 7,106</u>
Fund Balance:			
Beginning of year - July 1		<u>4,935,526</u>	
End of year - June 30		<u>\$ 4,942,632</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, 2023**

	<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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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.

Sewer Capital Project Fund - This fund is used to account for capital projects associated with the Town's sewer fund.

This page left blank intentionally.

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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Sewer charges	\$ 885,324	\$ 979,880	\$ 94,556
Sewer tap fees	43,286	106,435	63,149
Other operating revenues	<u>50,000</u>	<u>69,325</u>	<u>19,325</u>
Total operating revenues	<u>978,610</u>	<u>1,155,640</u>	<u>177,030</u>
Non-operating revenues:			
Interest on investments	2,500	16,821	14,321
Grant revenue	390,743	30,868	(359,875)
Miscellaneous	<u>84,485</u>	<u>1,751</u>	<u>(82,734)</u>
Total non-operating revenues	<u>477,728</u>	<u>49,440</u>	<u>(428,288)</u>
Total revenues	<u>1,456,338</u>	<u>1,205,080</u>	<u>(251,258)</u>
Expenditures:			
Administration:			
Salaries and benefits	<u>366,154</u>	<u>341,362</u>	<u>24,792</u>
Total administration	<u>366,154</u>	<u>341,362</u>	<u>24,792</u>
Operations:			
Utilities	65,000	65,764	(764)
Maintenance and repairs	144,697	87,702	56,995
Contractual services	56,714	54,375	2,339
Professional	39,863	37,415	2,448
Supplies	38,750	36,879	-
Insurance	17,500	16,809	691
Miscellaneous	<u>42,938</u>	<u>35,132</u>	<u>7,806</u>
Total operating expenditures	<u>405,462</u>	<u>334,076</u>	<u>69,515</u>
Debt service:			
Principal repayment	162,961	162,960	1
Interest and fees	<u>20,533</u>	<u>20,533</u>	<u>-</u>
Total debt service	<u>183,494</u>	<u>183,493</u>	<u>1</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**ENTERPRISE FUND - SEWER FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other expenditures:			
Capital outlay	501,228	101,246	399,982
Total expenditures	<u>1,456,338</u>	<u>960,177</u>	<u>496,161</u>
Revenues over (under) expenditures	<u>\$ -</u>	244,903	<u>\$ 244,903</u>

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

Principal retirement	162,960
Capital outlay	101,246
Change in compensated absences	4,855
Capital contribution	57,075
Change in OPEB liability	9,579
Change in net pension liability	(141,591)
Change in deferred outflows of resources - pension	50,328
Change in deferred inflows of resources - pension	69,271
Change in deferred outflows of resources - OPEB	(3,487)
Change in deferred inflows of resources - OPEB	(5,443)
Depreciation	<u>(186,460)</u>
Change in net position, accrual basis	<u>\$ 363,236</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ENTERPRISE FUND CAPITAL PROJECTS FUND
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total</u>	<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Department of Public Safety	\$ 359,345	\$ -	\$ 57,075	\$ 57,075	\$ 302,270
Expenditures:					
Levee:					
Engineering	99,698	-	-	-	99,698
Construction	227,345	-	57,000	57,000	170,345
Administrative Services	<u>32,302</u>	<u>-</u>	<u>75</u>	<u>75</u>	<u>32,227</u>
Total expenditures	<u>359,345</u>	<u>-</u>	<u>57,075</u>	<u>57,075</u>	<u>302,270</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This page left blank intentionally.

OTHER SUPPLEMENTAL INFORMATION

This section contains additional information on property taxes.

This page left blank intentionally.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2023

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022-2023	\$ -	\$ 2,133,798	\$ 2,074,081	\$ 59,717
2021-2022	30,782	-	11,322	19,460
2020-2021	8,607	-	1,836	6,771
2019-2020	5,808	-	855	4,953
2018-2019	4,290	-	343	3,947
2017-2018	3,286	-	98	3,188
2016-2017	3,287	-	22	3,265
2015-2016	2,583	-	-	2,583
2014-2015	1,577	-	-	1,577
2013-2014	2,755	-	27	2,728
2012-2013	3,249	-	3,249	-
Total	<u>\$ 66,224</u>	<u>\$ 2,133,798</u>	<u>\$ 2,091,833</u>	108,189
Less allowance for uncollectible ad valorem taxes receivable				<u>(29,800)</u>
Ad valorem taxes receivable, net				<u>\$ 78,389</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 2,095,725
Reconciling items:				
Amounts written off per Statute of Limitations				(3,249)
Interest				10,986
Releases, refunds, interest and other adjustments				<u>(11,629)</u>
Total collections and credits				<u>\$ 2,091,833</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Total Levy</u>	
				<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property taxed at current year's rate	\$ 531,885,750	\$ 0.40	\$ 2,127,543	\$ 2,015,036	\$ 112,507
Discoveries:					
Current year taxes	<u>1,456,330</u>		<u>6,255</u>	<u>6,255</u>	<u>-</u>
Total property valuation	<u>\$ 533,342,080</u>				
Net Levy			2,133,798	2,021,291	112,507
Uncollected taxes at June 30, 2023			<u>(59,717)</u>	<u>(59,425)</u>	<u>(292)</u>
Current Year's Taxes Collected			<u>\$ 2,074,081</u>	<u>\$ 1,961,866</u>	<u>\$ 112,215</u>
Current Levy Collection Percentage			<u>97.20%</u>	<u>97.06%</u>	<u>99.74%</u>

COMPLIANCE SECTION

This page left blank intentionally.

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, 2023, 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 March 18, 2024. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2023-001, 2023-002, 2023-003, and 2023-004 that we consider to be material weaknesses.

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 instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2023-003 and 2023-004.

Town of Maggie Valley's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Town's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
March 18, 2024

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2023

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?	Yes
• Significant deficiency(ies) identified?	None reported
Non-compliance material to financial statements noted?	Yes

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2023

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

Material Weakness

Finding 2023-001

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting. This includes identifying all necessary adjustments to the Town's general ledger to conform to accounting principles generally accepted in the United States of America and generally accepted governmental auditing standards.

Condition: A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgment, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that the Town's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

Effect: Errors could occur in financial reporting. Financial reports used for budget monitoring throughout the year may not properly reflect account balances.

Cause: Due to staff turnover, there was limited time to reconcile year-end balances. As a result, there were several significant audit adjustments required to prevent the financial statements from being materially misstated.

Recommendation: Management should examine the adjustments required as a result of our audit and implement procedures to ensure at year-end that all accounts are reconciled and all adjusting entries posted to the trial balance, to prevent material audit adjustments in the future.

Name of Contact Person: Vickie Best, Town Manager

Views of Responsible Officials and Corrective Action Plan: Management concurs with this finding and will adhere to the Corrective Action Plan in this audit report.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2023

2. Findings Related to the Audit of the Basic Financial Statements (continued)

Material Weakness

Finding 2023-002

Criteria: Management should have a system of internal controls in place that reduce the likelihood of errors in financial reporting and to safeguard assets. The review and approval of journal entries, as well as timely bank reconciliations are an important part of this control system. Journal entries should have approval documented prior to posting and bank account reconciliations should be completed and reviewed as soon as reasonably possible after month end. Policies and procedures over electronic submission of pay checks should be designed and monitored.

Condition: Controls over financial reporting have been designed but not properly implemented and monitored. Journal entries were not approved on a timely basis throughout the fiscal year. Cash reconciliations were not being prepared and approved timely throughout the year. Policies and procedures over electronic submission of payroll were not properly designed and implemented.

Effect: Lack of timely balancing of the reconciliations and journal entry approvals, as well as lack of implementation and monitoring of policies and procedures over electronic submission of paychecks greatly increases the risk of improper financial reporting. Accounting errors, misstatements and/or unauthorized activities may not be identified or corrected in a timely manner.

Cause: The Town's Finance Department does not have adequate safeguards in place to monitor internal controls over financial reporting.

Recommendation: Management should evaluate and strengthen the internal controls and monitoring of the controls over electronic payroll submission, cash reconciliations as well as the journal entry approval process.

Contact Person: Vickie Best, Town Manager

Views of Responsible Officials and Planned Corrective Actions: The Town agrees with this finding and will adhere to the Corrective Action Plan in this audit report.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2023

2. Findings Related to the Audit of the Basic Financial Statements (continued)

Material Weakness

Non-Compliance

Finding 2023-003

Criteria: N.C. General Statute 159-33 requires all units of local governments in North Carolina to submit a semi-annual Cash and Investment Report (LGC-203) to the Local Government Commission by January 25th and July 25th of each year.

Condition: The LGC-203 for the Town was filed after the required due date.

Effect: The Town was in violation of North Carolina State Statutes.

Cause: The Town experienced turnover in key financial personnel, thus resulting in delays in required reporting.

Recommendation: Implement more stringent controls to prevent LGC-203 from being reported after required due date.

Name of Contact Person: Vickie Best, Town Manager

Views of Responsible Officials and Planned Corrective Actions: The Town agrees with this finding and will adhere to the Corrective Action Plan in this audit report.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2023

2. Findings Related to the Audit of the Basic Financial Statements (continued)

Finding 2023-004

Material Weakness

Non-Compliance

Criteria: N.C. General Statute 159-34 requires the Town to have an audit as soon as possible after the close of each fiscal year.

Condition: The annual audit was delayed due to turnover in financial personnel.

Effect: Delays of timely reporting and errors in financial reporting could occur.

Cause: The Town's Finance Director position was turned over several times.

Recommendation: Management should cross-train where possible so that vacancies in key personnel do not create significant disruptions in day-to-day operations.

Name of Contact Person: Vickie Best, Town Manager

Views of Responsible Officials and Planned Corrective Actions: The Town agrees with this finding. Please refer to the Corrective Action Plan section of this report.

This page left blank intentionally.



Vickie Best
Town Manager
vbest@maggievalleync.gov

828.926.0866 x 102
3987 Soco Road
Maggie Valley, NC 28751

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2023

Finding: 2023-001

Name of Contact Person: Vickie Best, Town Manager

Corrective Action/Management's Response:

My goal is to identify a new Finance Director with governmental accountability.

Proposed Completion Date: Immediately and ongoing.

Finding: 2023-002

Name of Contact Person: Vickie Best, Town Manager

Corrective Action/Management's Response:

Implementation of a policy where reconciliation is reviewed within the first 10 days of each month. Again, find a Finance Director with governmental accountability.

Proposed Completion Date: Immediately and ongoing.

Finding: 2023-003

Name of Contact Person: Vickie Best, Town Manager

Corrective Action/Management's Response:

To get a list of due dates for the Cash and Investment Report and implement progress review meetings between the Finance Director and Town Manager on a monthly basis.

Proposed Completion Date: Immediately and ongoing.

Finding: 2023-004

Name of Contact Person: Town Manager

Corrective Action/Management's Response:

Implement training for the deputy finance officer to keep day-to-day operations moving forward. The Town will focus on retention and finding classes for the deputy finance officer and hire a Finance Director with governmental accountability.

Proposed Completion Date: Immediately and ongoing.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

None.