

TOWN OF MAGGIE VALLEY NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

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

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INTRODUCTORY SECTION

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Shayne Wheeler
Finance Officer
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3987 Soco Road
Maggie Valley, NC 28751

October 5, 2018

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Town of Maggie Valley for the fiscal year ended June 30, 2018. Laws of the State of North Carolina along with policies and procedures of the North Carolina Local Government Commission requires that all local governments in the State to publish a complete set of financial statements annually. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP). The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm Martin Starnes & Associates, CPS, P.A. and that firm's unmodified opinion is included in the Financial Sections of this report.

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

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

Profile of Maggie Valley

The Town of Maggie Valley, established in 1974, is located in Haywood County, which is in the western portion of North Carolina. During the past decade the Town's population increased by nearly 48%. The most recent Census (2010) officially indicates the Town's population to be 1,150 while the State Office of State Budget and Management estimates the new Town population to be 1,419. In addition to permanent residents the Town welcomes an estimated 2,000 seasonal residents during warm weather months. In complement to population growth, the Town continues to grow in land area, as of 2018 the Town Corporate Limits total 3.87 square miles. The Town of Maggie Valley is empowered to levy a property tax on both real and personal property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexations, which occurs periodically when deemed appropriate by the governing board, with the most recent involuntary annexation becoming effective July 1, 2011.

The Town has the council/manager form of government. The mayor is elected at large and serves four-year terms. The four Aldermen are elected at large and serve staggered four-year terms. The Town Board holds policy-making and legislative authority. They are also responsible for adopting the budget and

appointing the Town Manager. The manager is responsible for implementing policies and managing daily operations.

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

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

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

Local Economy

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

The tourism industry has continued to struggle in Maggie Valley because of the declining economy. New home construction and home sales are rising as a result of an improving national economy. The Town's

main tourism anchors are Cataloochee Ski Area, Cataloochee Ranch and Wheels Through Time Museum. The Town is also in very close proximity to the Blue Ridge Parkway and Great Smoky Mountains National Park.

In 2008 the Haywood County Board of Commissioners established a 1% Occupancy Tax and set up a Funding Subcommittee for each of the five zip code collection areas. The Maggie Valley zip code received \$181,065 for this fiscal year. The tax can be used on events and/or promotions that are designed to increase the use of lodging facilities, meeting facilities or convention facilities in the Town or to attract tourist or business travelers to the Town. The subcommittee awarded \$63,600 to the Town this year to for the construction of a picnic pavilion at Mary Rathbone Rich Memorial Park, July 4th fireworks show, winter lighting, and upgrades at the Festival Grounds. The Maggie Valley Co-op was awarded \$132,325 to promote Maggie Valley.

Long Term Financial Planning

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

All major goals identified by the Town Board including the implementation of the Pedestrian Safety Action Plan's Surface Transportation Block Grant required 20% match have been accounted for in the long term forecast.

Major Initiatives

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

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

The Board of Alderman have devoted continued financial resources to improve the Town's park system. Over the past few years the Town of Maggie Valley have completed four new parks 1) Mary Rathbone Rich Park, 2) McCracken Corner Park, 3) Elevated Park and 4) Mountain View Drive Greenway. Each of these parks represent the Town's invest in public spaces that allow our residents and visitors to enjoy

Jonathan Creek and the surrounding mountains. The Town opened its new Town Hall Park Playground in September 2018. This custom built, wooden playground replaced an aging metal structure.

The Town of Maggie Valley was presented Town Center Master Plan in April 2016. This plan received mixed reviews from the residential and business community as well as affected property owners within the town center district. In response to mixed public reaction, the Town of Maggie Valley's Board of Aldermen suggested that JM Teague Engineering revisit data collected at numerous public design workshops to create a revised plan. In October 2016, the Town received the Town of Maggie Valley Pedestrian Safety Action Plan which focuses on improved pedestrian safety, traffic calming devices and beatification utilizing the existing road right of way. This plan was adopted by the Board of Aldermen in November 2016 and was used by the Town to obtain a Surface Transportation Block Grant (STBG) from the French Broad River MPO for \$2.4 million in May 2017. This grant is an 80/20 grant. This project being administered by NCDOT and is currently in the design and engineering phase. The hope is that this project is completed by 2020.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Maggie Valley for its comprehensive annual financial report (CAFR) for the fiscal year ending June 30, 2017. This is the fourteenth consecutive year that Maggie Valley has received this prestigious national award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

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

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

Respectively submitted,



Nathan Clark
Town Manager



Shayne Wheeler
Finance Officer

TOWN OF MAGGIE VALLEY

PRINCIPAL OFFICIALS

JUNE 30, 2018

Mayor:

Saralyn Price

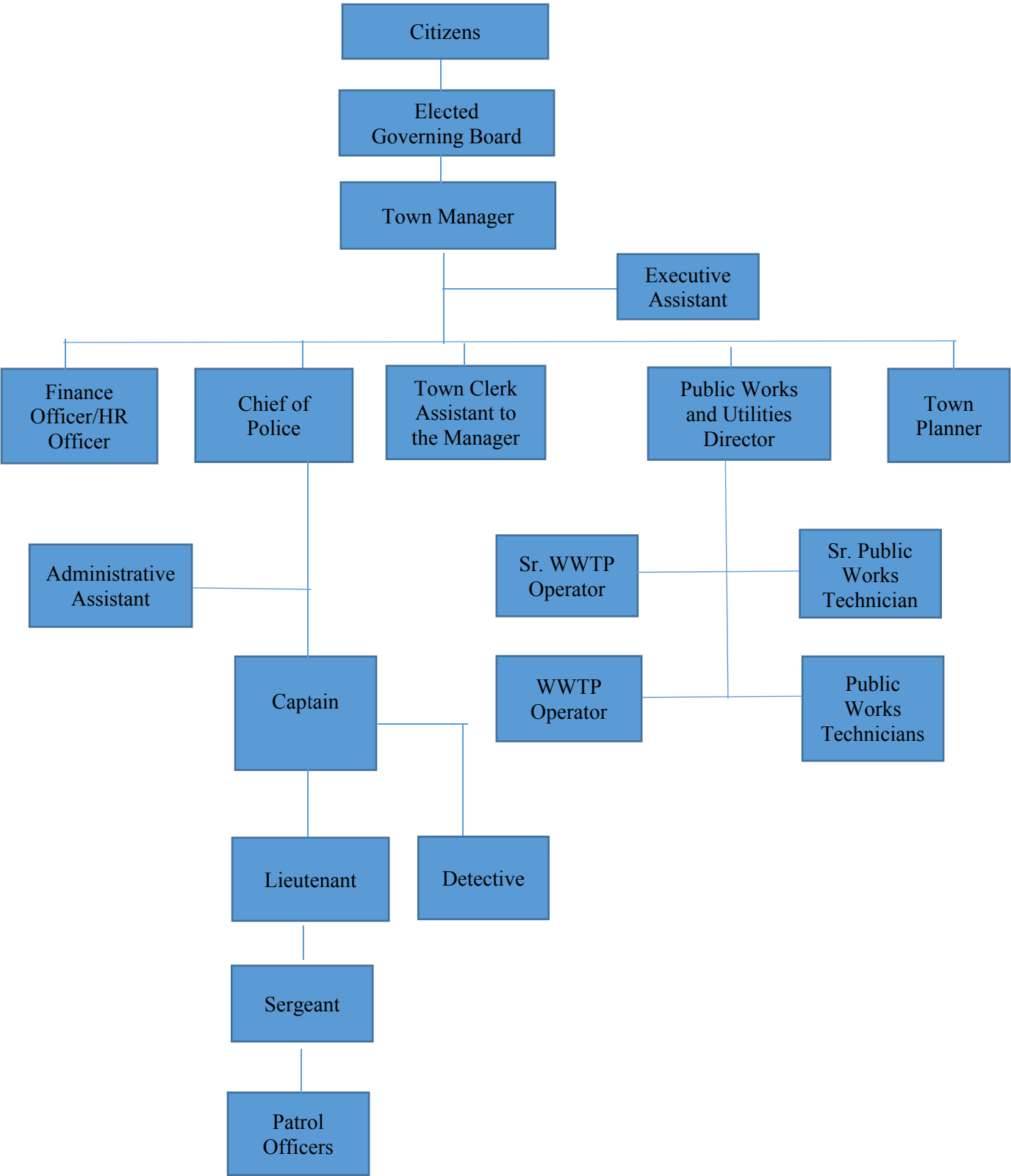
Alderman:

Clayton Davis
Michael Eveland
Janet Banks
Philip Wight

Town Manager:

Nathan Clark

TOWN OF MAGGIE VALLEY ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**Town of Maggie Valley
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Maggie Valley, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based upon our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Maggie Valley, North Carolina, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Maggie Valley, North Carolina's, basic financial statements. The introductory section, budget and actual schedules, supplemental ad valorem tax schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2018 on our consideration of the Town of Maggie Valley's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and on the results of that testing, and not to provide an opinion on the effectiveness of the Town of Maggie Valley's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Maggie Valley's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 5, 2018

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2018

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, 2018. 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.

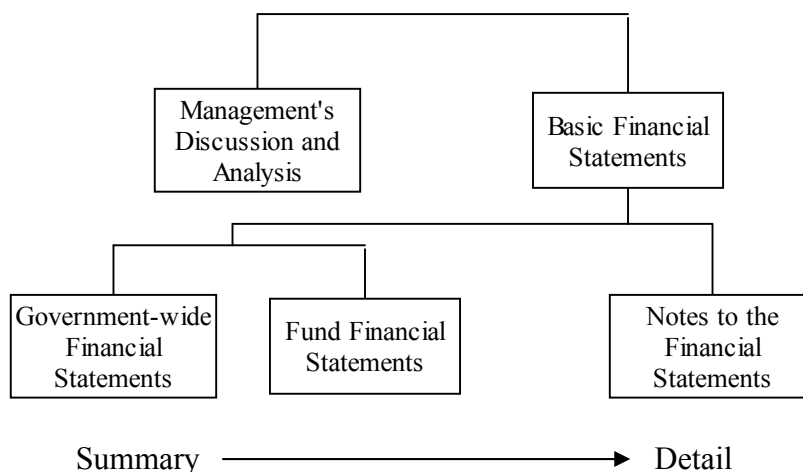
Financial Highlights

- 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 \$15,591,442.
- The government's total net position increased by \$459,336 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 \$2,906,866 with a net change of \$72,670. Approximately 10.38% of this total amount, or \$301,855, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,596,816, or 104.97%, of total General Fund expenditures and transfers out for the fiscal year.
- The Town of Maggie Valley's total debt decreased by \$549,510 (22.63%) during the current fiscal year. The key factor in this decrease was annual retirement of debt, early payoff of three loans and no additional debt.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Government-Wide Financial Analysis

The Town of Maggie Valley's Net Position
June 30, 2018 and 2017
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 3,101,291	\$ 3,099,857	\$ 1,816,522	\$ 1,693,713	\$ 4,917,813	\$ 4,793,570
Capital assets	<u>7,729,342</u>	<u>7,777,070</u>	<u>5,783,413</u>	<u>5,957,885</u>	<u>13,512,755</u>	<u>13,724,789</u>
Total assets	<u>10,830,633</u>	<u>10,876,927</u>	<u>7,599,935</u>	<u>7,651,598</u>	<u>18,430,568</u>	<u>18,518,359</u>
Deferred Outflows of Resources:						
Pension deferral	<u>188,935</u>	<u>262,597</u>	<u>39,081</u>	<u>62,930</u>	<u>228,016</u>	<u>325,527</u>
Long-term liabilities outstanding	859,067	1,265,954	1,562,193	1,753,327	2,421,260	3,019,281
Other liabilities	<u>358,427</u>	<u>429,619</u>	<u>200,181</u>	<u>203,165</u>	<u>558,608</u>	<u>632,784</u>
Total liabilities	<u>1,217,494</u>	<u>1,695,573</u>	<u>1,762,374</u>	<u>1,956,492</u>	<u>2,979,868</u>	<u>3,652,065</u>
Deferred Inflows of Resources:						
Pension deferrals	69,148	27,576	2,795	4,984	71,943	32,560
OPEB deferrals	8,886	-	2,221	-	11,107	-
Prepaid fees	-	2,000	-	-	-	2,000
Prepaid taxes	<u>4,224</u>	<u>1,207</u>	<u>-</u>	<u>-</u>	<u>4,224</u>	<u>1,207</u>
Total deferred inflows of resources	<u>82,258</u>	<u>30,783</u>	<u>5,016</u>	<u>4,984</u>	<u>87,274</u>	<u>35,767</u>
Net Position:						
Net investment in capital assets	7,479,809	7,151,506	4,153,807	4,144,634	11,633,616	11,296,140
Restricted	288,263	269,764	-	-	288,263	269,764
Unrestricted	<u>1,951,744</u>	<u>1,981,732</u>	<u>1,717,819</u>	<u>1,608,418</u>	<u>3,669,563</u>	<u>3,590,150</u>
Total net position	<u>\$ 9,719,816</u>	<u>\$ 9,403,002</u>	<u>\$ 5,871,626</u>	<u>\$ 5,753,052</u>	<u>\$ 15,591,442</u>	<u>\$ 15,156,054</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 \$15,591,442 as of June 30, 2018. The Town's net position increased by \$459,336 for the fiscal year ended June 30, 2018. However, the largest portion (74.62%) 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, \$288,263, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,669,563 is unrestricted.

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

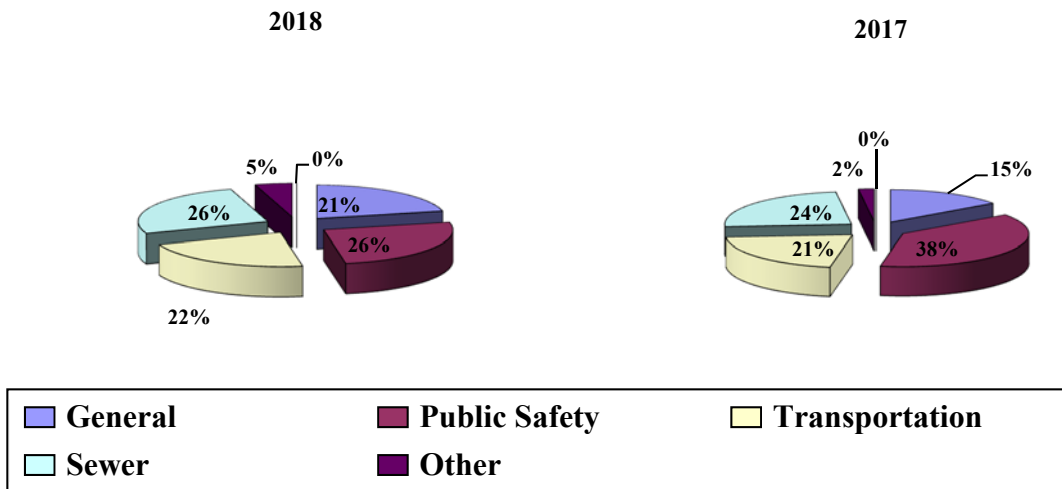
- Maintained a 98.29% collection rate in property tax.
- Local option sales tax increased \$26,703 from the prior year.
- During the fiscal year, the Town focused on reducing overall debt. On June 30, 2017, total debt was \$2,428,649. On June 30, 2018, total debt was \$1,879,139, A 22.63% overall decrease.

**Town of Maggie Valley Changes in Net Position
For the Years Ended June 30, 2018 and 2017**

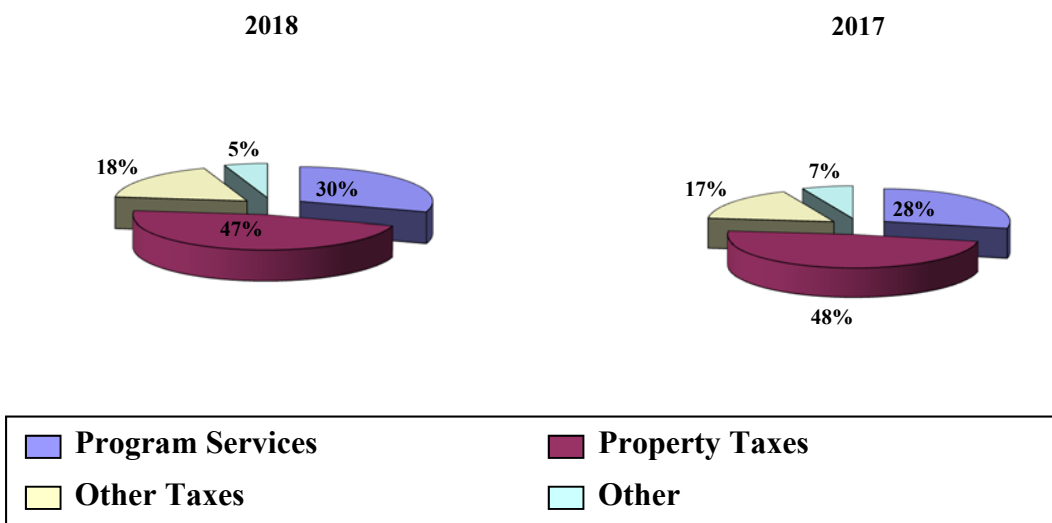
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 155,341	\$ 52,771	\$ 923,729	\$ 892,224	\$ 1,079,070	\$ 944,995
Operating grants and contributions	97,126	119,510	5,000	-	102,126	119,510
General revenues:						
Property taxes	1,687,286	1,607,484	-	-	1,687,286	1,607,484
Other taxes	643,199	557,688	-	-	643,199	557,688
Grants and contributions, not restricted to specific programs	21,094	66,961	-	-	21,094	66,961
Other	54,717	143,822	11,109	5,663	65,826	149,485
Total revenues	<u>2,658,763</u>	<u>2,548,236</u>	<u>939,838</u>	<u>897,887</u>	<u>3,598,601</u>	<u>3,446,123</u>
Expenses:						
General government	668,623	476,496	-	-	668,623	476,496
Public safety	811,102	1,191,902	-	-	811,102	1,191,902
Transportation	696,782	662,024	-	-	696,782	662,024
Parks and recreation	132,570	47,307	-	-	132,570	47,307
Interest on long-term debt	11,288	15,159	-	-	11,288	15,159
Sewer Fund	-	-	818,900	764,762	818,900	764,762
Total expenses	<u>2,320,365</u>	<u>2,392,888</u>	<u>818,900</u>	<u>764,762</u>	<u>3,139,265</u>	<u>3,157,650</u>
Change in net position	<u>338,398</u>	<u>155,348</u>	<u>120,938</u>	<u>133,125</u>	<u>459,336</u>	<u>288,473</u>
Net Position:						
Beginning of year July 1, - previously reported	9,403,002	9,358,059	5,753,052	5,619,927	15,156,054	14,977,986
Restatement	(21,584)	(110,405)	(2,364)	-	(23,948)	(110,405)
Beginning of year, restated	<u>9,381,418</u>	<u>9,247,654</u>	<u>5,750,688</u>	<u>5,619,927</u>	<u>15,132,106</u>	<u>14,867,581</u>
End of year - June 30	<u>\$ 9,719,816</u>	<u>\$ 9,403,002</u>	<u>\$ 5,871,626</u>	<u>\$ 5,753,052</u>	<u>\$ 15,591,442</u>	<u>\$ 15,156,054</u>

Government-Wide Expenses Figure 4



Government-Wide Revenues Figure 5



Governmental Activities. Governmental activities increased the Town's net position by \$338,398, thereby, accounting for 73.67% of the total growth in the net position of the Town of Maggie Valley. Key elements of this increase are as follows:

- Increase in investment earnings by \$19,508 or 88.82%
- Increase in local sales tax by \$26,703 or 7.74%
- Increase in solid waste collection fee by \$10,831 or 14.05%

Business-Type Activities. Business-type activities increased the Town of Maggie Valley's net position by \$120,938, accounting for 26.33% of the total increase in the government's net position. Key elements of this increase are as follows:

- Contracts for disposal of storm water runoff and leachate generated \$57,160 in revenue
- Investment earnings increased by \$5,446 or 96.17%

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 \$2,735,294, while total fund balance reached \$2,901,153. The Town currently has available fund balance of 110.57% of General Fund expenditures and transfers out, while total fund balance represents 117.27% of the same amount.

The General Capital Project Fund, a major fund of the Town is used to account for various governmental capital projects. The current project is a new Town Park, Mary Rathbone Rich Memorial Park. At the end of the current fiscal year, the General Capital Project Fund had a fund balance of \$5,713.

At June 30, 2018, the governmental funds of the Town of Maggie Valley reported a combined fund balance of \$2,906,866 with a net increase in fund balance of \$72,670. 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 and investments 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 \$106,905. The majority of the increase is due to the prior year encumbrances, funding received from outside source for festival ground upgrades and insurance settlement for lighting damage at town hall.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to \$1,717,819. The total change in net position for the Sewer Fund was \$120,938. 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, 2018, totals \$13,512,755 (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 of a 2017 Snapper Mower \$6,800
- Purchase of a Vivax V-camera \$13,720
- Purchase of a Table Top Tire Changer \$7,035.15
- Purchase of 2018 Dodge Charger \$24,000
- Renovations at Festival Ground Concession Stand \$14,067
- Asphalt pad at Festival Grounds \$12,835
- Panoramic Loop Paving Project \$13,185
- Turn-a-Bout Court Paving Project \$21,650
- Brannon Forest Drive Paving Project \$7,620

Town of Maggie Valley's Capital Assets
(Net of depreciation)
June 30, 2018 and 2017
Figure 6

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,173,161	\$ 2,173,161	\$ 125,250	\$ 125,250	\$ 2,298,411	\$ 2,298,411
Construction in progress	285,014	105,329	-	-	285,014	105,329
Buildings and systems	2,942,562	2,928,498	8,263,598	8,263,598	11,206,160	11,192,096
Improvements other than buildings	244,762	244,762	149,871	149,871	394,633	394,633
Machinery and equipment	669,995	656,160	152,193	138,473	822,188	794,633
Infrastructure	4,131,933	4,076,643	-	-	4,131,933	4,076,643
Vehicles	574,818	550,818	65,205	65,205	640,023	616,023
Total	11,022,245	10,735,371	8,756,117	8,742,397	19,778,362	19,477,768
Accumulated depreciation	(3,292,903)	(2,968,467)	(2,972,704)	(2,784,512)	(6,265,607)	(5,752,979)
Capital assets, net	<u>\$ 7,729,342</u>	<u>\$ 7,766,904</u>	<u>\$ 5,783,413</u>	<u>\$ 5,957,885</u>	<u>\$ 13,512,755</u>	<u>\$ 13,724,789</u>

Additional information on the Town's capital assets can be found on pages 38-40 in the notes to the financial statements.

Long-Term Debt. As of June 30, 2018, the Town of Maggie Valley had no bonded debt outstanding.

Town of Maggie Valley's Outstanding Debt
June 30, 2018 and 2017

Figure 7

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Installment purchase contracts	<u>\$ 249,533</u>	<u>\$ 615,398</u>	<u>\$ 1,629,606</u>	<u>\$ 1,813,251</u>	<u>\$ 1,879,139</u>	<u>\$ 2,428,649</u>

The Town of Maggie Valley's total debt decreased by \$549,510 during the past fiscal year, primarily due to the \$549,510 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 \$31,381,968.

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

Economic Factors and Next Year's Budgets and Rates

- As a result of Haywood County's latest revaluation, the Town of Maggie Valley FY17-18 budget saw its total tax value be reduced from \$400,110,713 to \$365,643,253. This loss of value ultimately led for the need for the Town's tax rate to be adjusted from \$0.39 to \$0.43. This new rate is far less than the revenue neutral rate of \$0.515. The Town of Maggie Valley was able to hold this tax rate (\$0.43) for FY18-19 while increasing its tax value to \$380,276,992. Maggie Valley once again enjoys the lowest municipal property tax rate in the county. While commercial property value remains stagnant, residential properties within Town continue to gain value in fact, residential properties along Alexander Drive are the highest valued by acreage in Haywood County. The Town has continued to see an increase in new construction residential permits, a trend that is likely to continue.
- In January 2018, the Town Board of Aldermen modified its development standards to accommodate the request of mid-level-upscale hotel developer that would like to bring a new product to Town by 2020. The total project cost is estimated to be \$10.5 million and would be located on a vacant six acre parcel adjacent to Elevated Distillery. The iconic Joey's Pancake House reopened its doors in May 2018 after being closed for 11 months under new ownership. The business remains to be a popular destination for residents and visitors alike.
- The Town of Maggie Valley is continuing to invest its financial resources into growing the Town's Parks and Recreation System. Although no new projects are scheduled to start during FY18-19, the Town plans on enhancing existing park spaces by adding Wi-Fi and select beautification elements. The Board is growing more interested in examining the feasibility of creating a waterfall located on Town owned property. Additionally, the Town needs to update its pay classification study as a means to stay competitive in an ever increasingly competitive labor market.
- 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 Aldermen in April 2016. Parts of the plan were well received, others were not. During the spring and summer of 2016, J.M. Teague Engineering have worked with Town Staff to develop a revised plan known as the Pedestrian Safety Action Plan, that focuses on the Town's need for improved pedestrian & bicycle infrastructure that emphasizes safety and accessibility. The Board of Aldermen formally endorsed this Plan in November 2016 which then allowed the Town to pursue a Surface Transportation Block Grant from the French Broad River MPO. The Town was awarded \$2.3 million to turn this concept plan into a reality. This plan is now being administered by NCDOT and is in the formal design and engineering phase.

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities. The 2018-2019 budgeted expenditures in the General Fund are expected to decrease by 4.5% from the prior year. The decrease is due to reduction in debt service from the prior year and no additional debt to be added in the current year.

The Town will continue to enhance the public park system in 2018-2019, as well as building enhancements at Town Hall. Funds are in the budget to upgrade the current fire alarm system and install security cameras at Town Hall. Mary Rathbone Rich Memorial Park and Parham Park will have Wi-Fi access. The budget also includes additional signage throughout the Town.

Business-Type Activities. The Sewer Fund is expected to decrease 2.7%. Sewer fees for 2018 – 2019 will remain at the same rate. The Sewer Fund reduction is due to decrease debt service from prior year and no additional debt to be added in the current year.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government			Town of Maggie Valley ABC Board
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 2,755,800	\$ 1,670,367	\$ 4,426,167	\$ 333,318
Taxes receivable, net	36,309	-	36,309	-
Accounts receivable, net	148,569	144,527	293,096	1,592
Prepays	13,592	1,628	15,220	8,594
Inventories	-	-	-	364,901
Restricted cash	147,021	-	147,021	-
Total current assets	3,101,291	1,816,522	4,917,813	708,405
Non-current assets:				
Capital assets:				
Land and construction in progress	2,458,175	125,250	2,583,425	484,150
Other capital assets, net of depreciation	5,271,167	5,658,163	10,929,330	582,339
Total capital assets	7,729,342	5,783,413	13,512,755	1,066,489
Total assets	10,830,633	7,599,935	18,430,568	1,774,894
Deferred Outflows of Resources:				
Pension deferrals	188,935	39,081	228,016	25,493
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	112,312	21,552	133,864	14,674
Liabilities payable from restricted assets:				
Security deposit	15,500	-	15,500	-
Accrued interest payable	-	-	-	9,193
Long-term liabilities due within one year	230,615	178,629	409,244	52,484
Total current liabilities	358,427	200,181	558,608	76,351
Long-term liabilities:				
Net pension liability LGERS	203,860	50,965	254,825	23,985
Total pension liability - LEOSSA	428,031	-	428,031	-
Total OPEB liability	139,293	34,823	174,116	-
Due in more than one year	87,883	1,476,405	1,564,288	284,987
Total long-term liabilities	859,067	1,562,193	2,421,260	308,972
Total liabilities	1,217,494	1,762,374	2,979,868	385,323
Deferred Inflows of Resources:				
Pension deferrals	69,148	2,795	71,943	1,157
OPEB deferrals	8,886	2,221	11,107	-
Prepaid taxes	4,224	-	4,224	-
Total deferred inflows of resources	82,258	5,016	87,274	1,157
Net Position:				
Net investment in capital assets	7,479,809	4,153,807	11,633,616	738,158
Restricted for:				
Stabilization by state statute	156,742	-	156,742	-
Working capital	-	-	-	74,880
Streets	131,521	-	131,521	-
Unrestricted	1,951,744	1,717,819	3,669,563	600,869
Total net position	\$ 9,719,816	\$ 5,871,626	\$ 15,591,442	\$ 1,413,907

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, 2018**

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 668,623	\$ 3,640	\$ 50,310	\$ -
Public safety	811,102	20,080	8,586	-
Transportation	696,782	87,948	38,230	-
Parks and recreation	132,570	43,673	-	-
Interest on long-term debt	11,288	-	-	-
Total governmental activities	<u>2,320,365</u>	<u>155,341</u>	<u>97,126</u>	<u>-</u>
Business-Type Activities:				
Sewer	<u>818,900</u>	<u>923,729</u>	<u>5,000</u>	<u>-</u>
Total primary government	<u>\$ 3,139,265</u>	<u>\$ 1,079,070</u>	<u>\$ 102,126</u>	<u>\$ -</u>
Component Unit:				
ABC Board	<u>\$ 501,524</u>	<u>\$ 605,474</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, 2018**

	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	\$ (614,673)	\$ -	\$ (614,673)	
Public safety	(782,436)	-	(782,436)	
Transportation	(570,604)	-	(570,604)	
Parks and recreation	(88,897)	-	(88,897)	
Interest on long-term debt	(11,288)	-	(11,288)	
Total governmental activities	(2,067,898)	-	(2,067,898)	
Business-Type Activities:				
Sewer	-	109,829	109,829	
Total primary government	(2,067,898)	109,829	(1,958,069)	
Component Unit:				
ABC Board				\$ 103,950
General Revenues:				
Taxes:				
Property taxes	1,687,286	-	1,687,286	-
Local option sales tax	371,660	-	371,660	-
Special assessment	23,693	-	23,693	-
Licenses	660	-	660	-
Franchise tax	207,010	-	207,010	-
Occupancy tax	63,600	-	63,600	-
Disposal tax	929	-	929	-
Unrestricted intergovernmental revenues	21,094	-	21,094	-
Unrestricted investment earnings	30,364	11,109	41,473	-
Total general revenues	2,406,296	11,109	2,417,405	-
Change in net position	338,398	120,938	459,336	103,950
Net Position:				
Beginning of year - July 1	9,403,002	5,753,052	15,156,054	1,309,957
Restatement	(21,584)	(2,364)	(23,948)	-
Beginning of year, restated	9,381,418	5,750,688	15,132,106	1,309,957
End of year - June 30	\$ 9,719,816	\$ 5,871,626	\$ 15,591,442	\$ 1,413,907

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Major Funds		
	General Fund	General Capital Project Fund	Total
Assets:			
Cash and cash equivalents	\$ 2,749,319	\$ 6,481	\$ 2,755,800
Restricted cash	147,021	-	147,021
Receivables, net:			
Taxes	36,309	-	36,309
Governmental	144,094	4,475	148,569
Prepays	13,592	-	13,592
Total assets	<u>\$ 3,090,335</u>	<u>\$ 10,956</u>	<u>\$ 3,101,291</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 107,069	\$ 5,243	\$ 112,312
Liabilities payable from restricted assets:			
Security deposit	15,500	-	15,500
Total liabilities	<u>122,569</u>	<u>5,243</u>	<u>127,812</u>
Deferred Inflows of Resources:			
Property taxes receivable	36,309	-	36,309
Special assessment receivable	26,080	-	26,080
Prepaid taxes	4,224	-	4,224
Total deferred inflows of resources	<u>66,613</u>	<u>-</u>	<u>66,613</u>
Fund Balances:			
Non-spendable:			
Prepays	13,592	-	13,592
Restricted:			
Stabilization by state statute	152,267	4,475	156,742
Streets	131,521	-	131,521
Committed for capital improvements	6,957	1,238	8,195
Unassigned	2,596,816	-	2,596,816
Total fund balances	<u>2,901,153</u>	<u>5,713</u>	<u>2,906,866</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,090,335</u>	<u>\$ 10,956</u>	<u>\$ 3,101,291</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Total
Total fund balances	\$ 2,906,866
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	7,729,342
Net pension liability - LGERS	(203,860)
Total pension liability - LEOSSA	(428,031)
Total OPEB liability	(139,293)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(249,533)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(68,965)
Deferred outflows of resources related to pensions are not reported in the funds.	188,935
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.	62,389
Deferred inflows of resources related to pensions are not reported in the funds.	(69,148)
Deferred inflows of resources related to OPEB are not reported in the funds.	(8,886)
Net position of governmental activities per Exhibit A	<u>\$ 9,719,816</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Major Funds		
	General Fund	General Capital Project Fund	Total
Revenues:			
Ad valorem taxes	\$ 1,731,770	\$ -	\$ 1,731,770
Other taxes and licenses	667,552	-	667,552
Unrestricted intergovernmental revenues	19,344	1,750	21,094
Restricted intergovernmental revenues	46,816	-	46,816
Permits and fees	20,080	-	20,080
Sales and services	135,261	-	135,261
Interest earned on investments	30,364	-	30,364
Miscellaneous	50,310	-	50,310
Total revenues	<u>2,701,497</u>	<u>1,750</u>	<u>2,703,247</u>
Expenditures:			
Current:			
General government	454,474	156,915	611,389
Public safety	916,839	-	916,839
Transportation	577,967	-	577,967
Parks and recreation	147,229	-	147,229
Debt service:			
Principal	365,865	-	365,865
Interest	11,288	-	11,288
Total expenditures	<u>2,473,662</u>	<u>156,915</u>	<u>2,630,577</u>
Revenues over (under) expenditures	<u>227,835</u>	<u>(155,165)</u>	<u>72,670</u>
Other Financing Sources (Uses):			
Transfers from other funds:			
Capital project funds	143	-	143
Transfers to other funds:			
General Fund	-	(143)	(143)
Total other financing sources (uses)	<u>143</u>	<u>(143)</u>	<u>-</u>
Net change in fund balances	227,978	(155,308)	72,670
Fund Balances:			
Beginning of year - July 1	<u>2,673,175</u>	<u>161,021</u>	<u>2,834,196</u>
End of year - June 30	<u>\$ 2,901,153</u>	<u>\$ 5,713</u>	<u>\$ 2,906,866</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, 2018

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 72,670
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	(44,484)
OPEB plan expense	(12,091)
Pension expense - LGERS	(6,797)
Pension expense - LEOSSA	13,390
Expenses related to compensated absences that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(12,593)
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.	286,874
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(324,436)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	<u>365,865</u>
Change in net position of governmental activities per Exhibit B	<u>\$ 338,398</u>

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, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Over/Under
Revenues:				
Ad valorem taxes	\$ 1,608,903	\$ 1,619,372	\$ 1,731,770	\$ 112,398
Other taxes and licenses	607,087	640,925	667,552	26,627
Unrestricted intergovernmental	14,600	14,600	19,344	4,744
Restricted intergovernmental	58,978	74,145	46,816	(27,329)
Permits and fees	11,850	11,850	20,080	8,230
Sales and services	112,612	112,612	135,261	22,649
Interest earned on investments	5,500	9,367	30,364	20,997
Miscellaneous	35,550	55,917	50,310	(5,607)
Total revenues	<u>2,455,080</u>	<u>2,538,788</u>	<u>2,701,497</u>	<u>162,709</u>
Expenditures:				
Current:				
General government	464,536	489,579	454,474	35,105
Public safety	1,012,874	1,025,853	916,839	109,014
Transportation	598,391	646,239	577,967	68,272
Parks and recreation	181,382	197,079	147,229	49,850
Debt service:				
Principal	363,097	365,628	365,865	(237)
Interest	9,180	11,987	11,288	699
Total expenditures	<u>2,629,460</u>	<u>2,736,365</u>	<u>2,473,662</u>	<u>262,703</u>
Revenues over (under) expenditures	<u>(174,380)</u>	<u>(197,577)</u>	<u>227,835</u>	<u>425,412</u>
Other Financing Sources (Uses):				
Appropriated fund balance	174,380	197,577	-	(197,577)
Transfers (to) from other funds:				
Capital project funds	-	-	143	143
Total other financing sources (uses)	<u>174,380</u>	<u>197,577</u>	<u>143</u>	<u>(197,434)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>227,978</u>	<u>\$ 227,978</u>
Fund Balance:				
Beginning of year - July 1			<u>2,673,175</u>	
End of year - June 30			<u>\$ 2,901,153</u>	

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Major Fund</u> <u>Sewer Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 1,670,367
Accounts receivable, net	144,527
Prepays	<u>1,628</u>
Total current assets	<u>1,816,522</u>
Non-current assets:	
Land and other non-depreciable assets	125,250
Other capital assets, net of depreciation	<u>5,658,163</u>
Total capital assets, net	<u>5,783,413</u>
Total non-current assets	<u>5,783,413</u>
Total assets	<u>7,599,935</u>
Deferred Outflows of Resources:	
Pension deferrals	<u>39,081</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	21,552
Current portion of installment purchase contracts	162,960
Current portion of compensated absences payable	<u>15,669</u>
Total current liabilities	<u>200,181</u>
Non-current liabilities:	
Installment purchase contracts payable	1,466,646
Compensated absences payable	9,759
Net pension liability	50,965
Total OPEB liability	<u>34,823</u>
Total non-current liabilities	<u>1,562,193</u>
Total liabilities	<u>1,762,374</u>
Deferred Inflows of Resources:	
OPEB deferrals	2,221
Pension deferrals	<u>2,795</u>
Total deferred inflows of resources	<u>5,016</u>
Net Position:	
Net investment in capital assets	4,153,807
Unrestricted	<u>1,717,819</u>
Total net position	<u>\$ 5,871,626</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2018

	<u>Major Fund</u> <u>Sewer Fund</u>
Operating Revenues:	
Charges for services	\$ 921,451
Operating Expenses:	
Administration	286,735
Waste collection and treatment	306,103
Depreciation	188,192
Total operating expenses	<u>781,030</u>
Operating income (loss)	<u>140,421</u>
Non-Operating Revenues (Expenses):	
Interest earned on investments	11,109
Grant proceeds	5,000
Miscellaneous	2,278
Interest expense	<u>(37,870)</u>
Total non-operating revenues (expenses)	<u>(19,483)</u>
Change in net position	<u>120,938</u>
Net Position:	
Beginning of year - July 1	5,753,052
Restatement	<u>(2,364)</u>
Beginning of year - July 1, restated	<u>5,750,688</u>
End of year - June 30	<u>\$ 5,871,626</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Major Fund</u> <u>Sewer Fund</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 900,282
Cash paid for goods and services	(301,075)
Cash paid to employees for services	<u>(280,957)</u>
Net cash provided (used) by operating activities	<u>318,250</u>
Cash Flows from Non-Capital Financing Activities:	
Miscellaneous non-operating revenue	<u>2,278</u>
Net cash provided (used) by non-capital financing activities	<u>2,278</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(13,720)
Grant proceeds	5,000
Principal paid on installment purchase contracts	(183,645)
Interest paid on debt	<u>(37,870)</u>
Net cash provided (used) for capital and related financing activities	<u>(230,235)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>11,109</u>
Net cash (provided) used by investing activities	<u>11,109</u>
Net increase (decrease) in cash and cash equivalents	101,402
Cash and cash equivalents - July 1	<u>1,568,965</u>
Cash and cash equivalents - June 30	<u>\$ 1,670,367</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 140,421
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	188,192
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(21,169)
(Increase) decrease in prepaid items	(238)
(Increase) decrease in deferred outflows of resources for pensions	23,849
Increase (decrease) in deferred inflows of resources for pensions	(2,189)
Increase (decrease) in deferred inflows of resources for OPEB	2,221
Increase (decrease) in net pension liability	(20,770)
Increase (decrease) in trade accounts payable and accrued liabilities	7,131
Increase (decrease) in other post-employment benefits	<u>802</u>
Net cash provided (used) by operating activities	<u>\$ 318,250</u>

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

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Town of Maggie Valley ABC Board

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

B. Basis of Presentation

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

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

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

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared tax revenues. The primary expenditures are for public safety, streets and sidewalks, sanitation, parks and recreation, and general government services.

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

The Town reports the following major enterprise funds:

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

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-Wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the state at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Maggie Valley because the tax is levied by Haywood County and then remitted to and distributed by the state. Most intergovernmental revenues and sales and services are not susceptible to accrual, because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

D. Use of Estimates

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

E. Budgetary Data

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

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

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

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

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's and the ABC Board's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT - Government Portfolio, an SEC-registered (2a-7) government money market fund, is measured at amortized cost, which is the NCCMT's share price. The NCCMT - Term Portfolio's securities are valued at fair value.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Cash and Cash Equivalents

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

Restricted Cash

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

Restricted cash at June 30, 2018 consists of the following:

Governmental Activities:

General Fund:

Transportation - streets	\$ 131,521
Public safety - security deposit	5,000
Parks and recreation - security deposit	<u>10,500</u>
Total Governmental Activities	<u>147,021</u>
 Total Restricted Cash	 <u><u>\$ 147,021</u></u>

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017. 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, 2018

Inventories

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

Prepays

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

Capital Assets

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

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

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

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

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Deferred Outflows/Inflows of Resources

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

Long-Term Debt

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

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

Compensated Absences

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

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

Net Position

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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.

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

Restricted Fund Balance

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

Stabilization by State Statute - portion of fund balance that is not an available resource for appropriation in accordance with state law [G.S. 159-8(a)].

Restricted for Streets - Powell Bill - portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Committed Fund Balance

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

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

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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Unassigned Fund Balance

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

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

The Town has not officially adopted a fund balance policy.

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

Total Fund Balance - General Fund	\$ 2,901,153
Less:	
Prepays	13,592
Stabilization by state statute	<u>152,267</u>
Total Available Fund Balance	<u>\$ 2,735,294</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>\$ 34,253</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Defined Benefit Cost-Sharing Plans

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

2. Detail Notes On All Funds

A. Assets

Deposits

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

At June 30, 2018, the Town's deposits had a carrying amount of \$1,472,582 and a bank balance of \$1,490,832. Of the bank balance, \$505,381 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The Town also has cash on hand of \$200 at June 30, 2018.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The ABC Board's deposits had a carrying value of \$328,208 and a bank balance of \$371,960 at June 30, 2018. \$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, 2018, the Town had \$3,100,406 invested with North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard & Poor's. The Town has no policy regarding credit risks.

Capital Assets

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

Governmental Activities:

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>
Non-Depreciable Capital Assets:				
Land	\$ 2,173,161	\$ -	\$ -	\$ 2,173,161
Construction in progress	105,329	179,685	-	285,014
Total non-depreciable capital assets	<u>2,278,490</u>	<u>179,685</u>	<u>-</u>	<u>2,458,175</u>
Depreciable Capital Assets:				
Buildings	2,928,498	14,064	-	2,942,562
Improvements, other than buildings	244,762	-	-	244,762
Machinery and equipment	656,160	13,835	-	669,995
Vehicles	550,818	24,000	-	574,818
Infrastructure	4,076,643	55,290	-	4,131,933
Total depreciable capital assets	<u>8,456,881</u>	<u>107,189</u>	<u>-</u>	<u>8,564,070</u>
Less Accumulated Depreciation:				
Buildings	918,116	80,452	-	998,568
Improvements, other than buildings	153,066	12,946	-	166,012
Machinery and equipment	550,085	37,100	-	587,185
Vehicles	334,880	63,380	-	398,260
Infrastructure	1,012,320	130,558	-	1,142,878
Total accumulated depreciation	<u>2,968,467</u>	<u>\$ 324,436</u>	<u>\$ -</u>	<u>3,292,903</u>
Governmental activities capital assets, net	<u>\$ 7,766,904</u>			<u>\$ 7,729,342</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Business-Type Activities:

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>
Sewer Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 125,250	\$ -	\$ -	\$ 125,250
Depreciable Capital Assets:				
Building and systems	8,263,598	-	-	8,263,598
Improvements, other than buildings	149,871	-	-	149,871
Machinery and equipment	138,473	13,720	-	152,193
Vehicles	65,205	-	-	65,205
Total depreciable capital assets	<u>8,617,147</u>	<u>13,720</u>	<u>-</u>	<u>8,630,867</u>
Less Accumulated Depreciation:				
Buildings and systems	2,606,878	166,075	-	2,772,953
Improvements, other than buildings	25,260	4,756	-	30,016
Machinery and equipment	114,767	7,449	-	122,216
Vehicles	37,607	9,912	-	47,519
Total accumulated depreciation	<u>2,784,512</u>	<u>\$ 188,192</u>	<u>\$ -</u>	<u>2,972,704</u>
Sewer Fund				
capital assets, net	<u>\$ 5,957,885</u>			<u>\$ 5,783,413</u>

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

Governmental Activities:

General government	\$ 39,353
Public safety	77,802
Transportation	173,291
Parks and recreation	33,990
Total	<u>\$ 324,436</u>

Business-Type Activities:

Sewer Fund	\$ 188,192
Total	<u>\$ 188,192</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2018 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 7,729,342	\$ 5,783,413
Less: long-term debt	(249,533)	(1,629,606)
Net investment in capital assets	<u>\$ 7,479,809</u>	<u>\$ 4,153,807</u>

Capital Assets - Maggie Valley ABC Board

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

	Estimated Useful Life	Cost	Accumulated Depreciation	Net Amount
Land		\$ 484,150	\$ -	\$ 484,150
Land improvements	15 years	46,222	22,210	24,012
Store building	30 years	681,042	262,372	418,670
Building improvements	10 years	154,978	62,724	92,254
Office and store equipment	5-10 years	192,793	145,390	47,403
Total		<u>\$ 1,559,185</u>	<u>\$ 492,696</u>	<u>\$ 1,066,489</u>

Receivables

Receivables at the government-wide level at June 30, 2018 were as follows:

	Accounts	Taxes	Other Governments	Total
Governmental Activities:				
General	\$ 83,016	\$ 66,109	\$ 61,521	\$ 210,646
Other governmental	-	-	4,475	4,475
Total receivables	83,016	66,109	65,996	215,121
Allowance for doubtful accounts	(443)	(29,800)	-	(30,243)
Total governmental activities	<u>\$ 82,573</u>	<u>\$ 36,309</u>	<u>\$ 65,996</u>	<u>\$ 184,878</u>
Business-Type Activities:				
Sewer Fund	\$ 145,207	\$ -	\$ 4,588	\$ 149,795
Total receivables	145,207	-	4,588	149,795
Allowance for doubtful accounts	(5,268)	-	-	(5,268)
Total business-type activities	<u>\$ 139,939</u>	<u>\$ -</u>	<u>\$ 4,588</u>	<u>\$ 144,527</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 18,514	\$ -	\$ -	\$ 18,514
Sales and use tax distribution	-	31,236	-	31,236
Sales tax refund	<u>5,630</u>	<u>10,616</u>	-	<u>16,246</u>
Total governmental funds	<u>\$ 24,144</u>	<u>\$ 41,852</u>	<u>\$ -</u>	<u>\$ 65,996</u>
Business-Type Funds:				
Sewer Fund:				
Sales tax refund	<u>\$ 1,475</u>	<u>\$ 3,113</u>	<u>\$ -</u>	<u>\$ 4,588</u>

B. Liabilities

Accounts payable and accrued liabilities are composed of the following amounts at June 30, 2018:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities	<u>\$ 90,798</u>	<u>\$ 21,514</u>	<u>\$ 112,312</u>
Business-type activities	<u>\$ 15,929</u>	<u>\$ 5,623</u>	<u>\$ 21,552</u>

Pension Plan Obligations

Local Governmental Employees' Retirement System

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, was 8.25% of compensation for law enforcement officers and 7.50% 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 \$78,305 and \$10,772, respectively, for the year ended June 30, 2018.

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, 2018

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

At June 30, 2018, the Town reported a liability of \$254,825 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the Town's proportion was 0.01668%, which was a decrease of 0.00022% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$82,754. At June 30, 2018, 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	\$ 14,680	\$ 7,213
Changes of assumptions	36,392	-
Net difference between projected and actual earnings on pension plan investments	61,871	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	4,157	6,763
Town contributions subsequent to the measurement date	78,305	-
Total	<u>\$ 195,405</u>	<u>\$ 13,976</u>

\$78,305 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, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 9,736
2020	74,762
2021	37,146
2022	(18,520)
Total	<u>\$ 103,124</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contribution from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability (asset)	\$ 764,988	\$ 254,825	\$ (171,002)

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

Law Enforcement Officers' Special Separation Allowance

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>9</u>
Total	<u><u>10</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, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 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, 2016 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$26,091 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, 2018, the Town reported a total pension liability of \$428,031. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of \$20,664.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 52,097
Changes of assumptions	17,396	5,870
Town benefit payments and plan administrative expense made subsequent to the measurement date	15,215	-
Total	<u>\$ 32,611</u>	<u>\$ 57,967</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

\$15,215 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ (9,462)
2020	(9,462)
2021	(9,462)
2022	(8,260)
2023	(3,925)
Total	<u>\$ (40,571)</u>

\$15,215 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate. The following presents the Town's total pension liability calculated using the discount rate of 3.16 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(2.16%)</u>	<u>(3.16%)</u>	<u>(4.16%)</u>
Total pension liability	<u>\$ 458,993</u>	<u>\$ 428,031</u>	<u>\$ 399,593</u>

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

	<u>2018</u>
Beginning balance	\$ 466,777
Service cost	12,226
Interest on the total pension liability	17,514
Differences between expected and actual experience in the measurement of the total pension liability	(63,648)
Changes of assumptions or other inputs	21,253
Benefit payments	(26,091)
Net changes	(38,746)
Ending balance of the total pension liability	<u>\$ 428,031</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.86% at December 31, 2016 to 3.16% at December 31, 2017.

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.

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2018 were \$40,174, which consisted of \$21,599 from the Town and \$18,575 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, 2018 were \$32,056, which consisted of \$13,484 from the Town and \$18,572 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, 2018

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 254,825	\$ -	\$ 254,825
Proportion of the Net Pension Liability (Asset)	0.01668%	NA	
Total Pension Liability	-	428,031	428,031
Pension expense	82,754	20,664	103,418

At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 14,680	\$ -	\$ 14,680
Changes of assumptions	36,392	17,396	53,788
Net difference between projected and actual earnings on pension plan investments	61,871	-	61,871
Changes in proportion and differences between Town contributions and proportionate share of contributions	4,157	-	4,157
Town contributions (LGERS) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	78,305	15,215	93,520
	<u>\$ 195,405</u>	<u>\$ 32,611</u>	<u>\$ 228,016</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ 7,213	\$ 52,097	\$ 59,310
Changes of assumptions	-	5,870	5,870
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>6,763</u>	<u>-</u>	<u>6,763</u>
	<u>\$ 13,976</u>	<u>\$ 57,967</u>	<u>\$ 71,943</u>

Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Currently, the Town has no retirees and terminated employees who are eligible to receive death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

Other Post-Employment Benefits - Healthcare Benefits

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, the Town made payments for post-retirement health benefits premiums of \$0. The Town purchases insurance from a private carrier for healthcare coverage. A separate report was not issued for the Plan. The Plan is a single-employer defined benefit plan. The Town Council may amend the benefit provisions.

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

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

Funding Policy

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

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Total OPEB Liability

The Town's total OPEB liability of \$174,116 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50%-7.75%, including wage inflation for General Employees
	3.50%-7.35%, including wage inflation for Law Enforcement Officers
Discount rate	3.56 percent
Healthcare cost trend rates	Pre-Medicare - 7.75% for 2017 decreasing to an ultimate rate of 5.00% by 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, 2017	\$ 170,110
Changes for the year:	
Service cost	11,553
Interest	5,120
Differences between expected and actual experience	(332)
Changes of assumptions or other inputs	(12,335)
Net changes	4,006
Balance at June 30, 2018	\$ 174,116

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.01% to 3.56%.

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 197,187	\$ 174,116	\$ 153,776

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	\$ 148,143	\$ 174,116	\$ 205,608

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$15,113. At June 30, 2018, 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	\$ -	\$ 291
Changes of assumptions	-	10,816
Total	\$ -	\$ 11,107

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

\$0 benefits were reported as deferred outflows of resources related to OPEB because there were no benefit payments made or administrative expenses incurred subsequent to the measurement date. If payments were made they would be recognized as a decrease of the total pension liability in the year ended June 30, 2019. 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
2019	\$ (1,560)
2020	(1,560)
2021	(1,560)
2022	(1,560)
2023	(1,560)
Thereafter	(3,307)
Total	<u>\$ (11,107)</u>

Deferred Outflows and Inflows of Resources

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

	Amount
Pension deferrals	<u>\$ 228,016</u>

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

	Statement of	General
	Net Position	Fund Balance
		Sheet
Deferred Inflows:		
Taxes receivable	\$ -	\$ 36,309
Special assessment receivable	-	26,080
Prepaid taxes	4,224	4,224
OPEB deferrals	11,107	-
Pension deferrals	71,943	-
Total	<u>\$ 87,274</u>	<u>\$ 66,613</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Long-Term Obligations

Installment Purchase Contracts

Serviced by Governmental Funds:

On January 13, 2014, the Town issued \$555,000 installment debt to refund the 2007 police station installment purchase contract. The 2007 installment debt was eligible for full prepayment, resulting in 2014 principal payments of \$665,000 and interest and issuance costs of \$33,561. The refunding was undertaken to reduce total debt service payments over the next 5 years and resulted in an economic gain of \$95,271. The 2014 note, issued in February 1, 2014, 2.15%, payable in annual installments of approximately \$123,600, including interest, adjusting annually, with a final payment due in fiscal year 2019; secured by a police station	\$ 111,000
\$23,900 note issued August 25, 2014, 1.93%, payable in annual installments of 6,266, including interest, with a final payment due in fiscal year 2019; secured by a vehicle	6,147
\$52,792 note issued March 26, 2015, 1.91%, payable in annual installments of \$13,834, including interest, with a final payment due in fiscal year 2019; secured by vehicles	13,575
\$292,403 note issued September 23, 2015, 1.99%, payable in annual installments of \$61,184, including interest, with a final payment due in fiscal year 2020 secured by road improvements	<u>118,811</u>
Total installment contracts	<u>\$ 249,533</u>

The future minimum payments of the governmental activities long-term debt installment purchase contracts as of June 30, 2018 are as follows:

Year Ending				
June 30	Principal	Interest	Total	
2019	\$ 189,542	\$ 5,183	\$ 194,725	
2020	59,991	1,193	61,184	
Total	<u>\$ 249,533</u>	<u>\$ 6,376</u>	<u>\$ 255,909</u>	

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Serviced by Sewer Fund:

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

\$ 1,629,606

The future minimum payments of the Sewer Fund long-term debt notes payable as of June 30, 2018 are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 162,960	\$ 34,222	\$ 197,182
2020	162,960	30,800	193,760
2021	162,960	27,377	190,337
2022	162,960	23,955	186,915
2023	162,960	20,533	183,493
2024-2028	<u>814,806</u>	<u>51,332</u>	<u>866,138</u>
Total	<u>\$ 1,629,606</u>	<u>\$ 188,219</u>	<u>\$ 1,817,825</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, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>	<u>Current Portion</u>
Governmental Activities:					
Installment purchase contracts	\$ 615,398	\$ -	\$ 365,865	\$ 249,533	\$ 189,542
Total OPEB liability	136,088	3,205	-	139,293	-
Net pension liability (LGERS)	286,941	-	83,081	203,860	-
Total pension liability (LEOSSA)	466,777	-	38,746	428,031	-
Compensated absences	<u>56,372</u>	<u>46,939</u>	<u>34,346</u>	<u>68,965</u>	<u>41,073</u>
Total	<u>\$ 1,561,576</u>	<u>\$ 50,144</u>	<u>\$ 522,038</u>	<u>\$ 1,089,682</u>	<u>\$ 230,615</u>

Compensated absences, other post-employment benefits, and net pension obligation for governmental activities typically have been liquidated in the General Fund. The Town's legal debt limit is 8.0% of the Town's assessed value of taxable property. The Town's legal debt limit as of June 30, 2018 amounts to \$31,381,968.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2018</u>	<u>Current Portion</u>
Business-Type Activities:					
Sewer Fund:					
Installment purchase contracts	\$ 1,813,251	\$ -	\$ 183,645	\$ 1,629,606	\$ 162,960
Total OPEB liability	34,022	801	-	34,823	-
Net pension liability (LGERS)	71,735	-	20,770	50,965	-
Compensated absences	<u>23,563</u>	<u>15,451</u>	<u>13,586</u>	<u>25,428</u>	<u>15,669</u>
Total Sewer Fund	<u>1,942,571</u>	<u>16,252</u>	<u>218,001</u>	<u>1,740,822</u>	<u>178,629</u>
Total business-type activities	<u>\$ 1,942,571</u>	<u>\$ 16,252</u>	<u>\$ 218,001</u>	<u>\$ 1,740,822</u>	<u>\$ 178,629</u>

Construction Commitments

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

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Mary Rathbone Rich Park	\$ 262,243	\$ 3,965
Town Hall Playground/Park	22,771	26,514
WWTP Caustic Feed Project	4,580	10,820
Villa L'abri Research	2,379	4,622

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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

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

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

C. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2018 consist of the following:

	Transfers	
	From	To
Transfers From/To Other Funds:		
General Fund:		
General Capital Project Fund	\$ 143	\$ - Close out project for Board Room Remodel
General Capital Project Fund:		
General Fund	-	143 Close out project for Board Room Remodel
Total	<u>\$ 143</u>	<u>\$ 143</u>

3. Federal and State-Assisted Programs

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

4. Financial Commitment

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

5. Changes in Accounting Principles/Restatement

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Town to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the Town related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for governmental activities decreased \$21,584 and \$2,364 for the business-type activities.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

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

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

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

Local Governmental Employees' Retirement System - Contributions

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS -
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018**

Other Post-Employment Benefits	
	2018
Service cost	\$ 11,553
Interest	5,120
Differences between expected and actual experience	(332)
Changes of assumptions or other inputs	(12,335)
Net change in total OPEB liability	4,006
Total OPEB liability - beginning	170,110
Total OPEB liability - ending	<u>\$ 174,116</u>
Covered payroll	\$ 876,935
Total OPEB liability as a percentage of covered payroll	19.86%

Notes to the Required Schedules:

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

Fiscal Year	Rate
2018	3.56%

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

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

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

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

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

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

Law Enforcement Officers' Special Separation Allowance		
	2018	2017
Total pension liability	\$ 428,031	\$ 466,777
Covered payroll	431,372	504,068
Total pension liability as a percentage of covered payroll	99.23%	92.60%

Notes to the schedules:

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

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

TOWN OF MAGGIE VALLEY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE 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-employee 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-employee 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%

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

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

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

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

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

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

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GOVERNMENTAL FUNDS

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

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

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TOWN ON MAGGIE VALLEY, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGET AND ACTUAL****FOR THE YEAR ENDED JUNE 30, 2018**

	2018		
	Budget	Actual	Variance Over/Under
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 1,560,122	\$ 1,668,552	\$ 108,430
Prior years	44,500	46,610	2,110
Penalty and interest	14,750	16,608	1,858
Total ad valorem taxes	1,619,372	1,731,770	112,398
Other Taxes and Licenses:			
Local option sales tax	362,423	371,660	9,237
Beer and wine licenses	500	660	160
Cable TV franchise tax	42,000	43,583	1,583
Solid waste disposal tax	800	929	129
Occupancy tax	58,600	63,600	5,000
Special assessment	17,602	23,693	6,091
Utility franchise tax	159,000	163,427	4,427
Total other taxes and licenses	640,925	667,552	26,627
Unrestricted Intergovernmental Revenues:			
Beer and wine tax	5,600	5,986	386
ABC profit distribution	9,000	13,358	4,358
Total unrestricted intergovernmental revenues	14,600	19,344	4,744
Restricted Intergovernmental Revenues:			
Powell Bill	45,209	38,230	(6,979)
Drug recovery funds	6,143	7,868	1,725
Court/officer fees	500	718	218
Crime Control Grant	22,293	-	(22,293)
Total restricted intergovernmental revenues	74,145	46,816	(27,329)
Permits and Fees:			
Zoning permits	11,250	19,790	8,540
Sign permits	600	290	(310)
Total permits and fees	11,850	20,080	8,230

TOWN ON MAGGIE VALLEY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	2018		
	Budget	Actual	Variance Over/Under
Sales and Services:			
Rental and collection fees	112,612	135,261	22,649
Investment Earnings	9,367	30,364	20,997
Miscellaneous:			
Other miscellaneous	55,917	50,310	(5,607)
Total revenues	2,538,788	2,701,497	162,709
Expenditures:			
General Government:			
Administration/Governing Board:			
Salaries and benefits	336,858	328,877	7,981
Operating	152,721	125,597	27,124
Total general government	489,579	454,474	35,105
Public Safety:			
Police:			
Salaries and benefits	768,449	701,787	66,662
Operating	233,404	191,052	42,352
Capital outlay	24,000	24,000	-
Total police	1,025,853	916,839	109,014
Total public safety	1,025,853	916,839	109,014
Transportation:			
Streets and Highways:			
Salaries and benefits	177,047	163,628	13,419
Operating expenses	343,235	300,061	43,174
Capital outlay	67,553	66,336	1,217
Total streets and highways	587,835	530,025	57,810

TOWN ON MAGGIE VALLEY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	2018		
	Budget	Actual	Variance Over/Under
Powell Bill:			
Salaries and benefits	1,149	991	158
Operating	14,800	4,496	10,304
Capital outlay	42,455	42,455	-
Total Powell Bill	58,404	47,942	10,462
 Total transportation	 646,239	 577,967	 68,272
 Parks and Recreation:			
Operating expenses	13,819	5,782	8,037
Capital outlay	45,173	22,771	22,402
Total	58,992	28,553	30,439
 Contribution to Haywood County	 9,370	 9,370	 -
 Festival Grounds:			
Salaries and benefits	51,512	44,713	42,065
Operating expenses	50,150	37,694	12,456
Capital outlay	27,055	26,899	156
Total	128,717	109,306	54,677
 Total parks and recreation	 197,079	 147,229	 85,116
 Debt Service:			
Principal	365,628	365,865	(237)
Interest and fees	11,987	11,288	699
Total debt service	377,615	377,153	462
 Total expenditures	 2,736,365	 2,473,662	 297,969
 Revenue over (under) expenditures	 (197,577)	 227,835	 425,412

TOWN ON MAGGIE VALLEY, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	2018		
	Budget	Actual	Variance Over/Under
Other Financing Sources (Uses):			
Appropriated fund balance	197,577	-	(197,577)
Transfers (to) from other funds:			
Capital Project Fund	-	143	143
Total other financing sources (uses)	197,577	143	(197,434)
Net change in fund balance	<u>\$ -</u>	227,978	<u>\$ 227,978</u>
Fund Balance:			
Beginning of year - July 1		<u>2,673,175</u>	
End of year - June 30		<u>\$ 2,901,153</u>	

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

GENERAL CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Project Authorization	Actual		Variance Over/Under
		Prior Years	Current Year	
Revenues:				
Haywood County TDA Funds	\$ 45,000	\$ 45,000	\$ -	\$ 45,000
Miscellaneous revenue	-	-	1,750	1,750
Total revenues	45,000	45,000	1,750	46,750
Expenditures:				
Mary Rathbone Rich Park:				
Administration	1,000	765	-	765
Engineering	12,820	11,320	1,500	12,820
Construction	252,388	93,244	155,415	248,659
Town Hall:				
Administration	288	286	-	286
Construction	192,475	188,576	-	188,576
Total expenditures	458,971	294,191	156,915	451,106
Revenues over (under) expenditures	(413,971)	(249,191)	(155,165)	(404,356)
Other Financing Sources (Uses):				
Transfers (to) from other funds	413,971	410,212	(143)	410,069
Net change in fund balance	\$ -	\$ 161,021	\$ (155,308)	\$ 5,713

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MAJOR ENTERPRISE FUNDS

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

Major Enterprise Fund:

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

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ENTERPRISE FUND - SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Over/Under
Revenues:			
Operating revenues:			
Charges for services:			
Sewer charges	\$ 779,254	\$ 756,666	\$ (22,588)
Sewer tap fees	29,160	107,625	78,465
Other operating revenues	16,120	57,160	41,040
Total operating revenues	<u>824,534</u>	<u>921,451</u>	<u>96,917</u>
Non-operating revenues:			
Interest on investments	5,000	11,109	6,109
Grant proceeds	5,000	5,000	-
Miscellaneous	35,210	2,278	(32,932)
Total non-operating revenues	<u>45,210</u>	<u>18,387</u>	<u>(26,823)</u>
Total revenues	<u>869,744</u>	<u>939,838</u>	<u>70,094</u>
Expenditures:			
Administration:			
Salaries and benefits	<u>289,658</u>	<u>280,956</u>	<u>8,702</u>
Operations:			
Utilities	70,000	66,252	3,748
Maintenance and repairs	91,481	77,507	13,974
Contractual services	45,725	49,900	(4,175)
Professional	57,400	40,399	17,001
Supplies	23,700	20,152	3,548
Insurance	13,600	12,989	611
Miscellaneous	48,582	38,904	9,678
Total operating expenditures	<u>350,488</u>	<u>306,103</u>	<u>44,385</u>
Debt service:			
Principal repayment	184,480	183,645	835
Interest and fees	51,129	37,870	13,259
Total debt service	<u>235,609</u>	<u>221,515</u>	<u>14,094</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, 2018**

	Budget	Actual	Variance Over/Under
Other expenditures:			
Capital outlay	<u>13,720</u>	<u>13,720</u>	<u>-</u>
Total expenditures	<u>889,475</u>	<u>822,294</u>	<u>67,181</u>
Revenues over (under) expenditures	(19,731)	117,544	137,275
Other Financing Sources (Uses):			
Appropriated fund balance	<u>19,731</u>	<u>-</u>	<u>(19,731)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	117,544	<u>\$ 117,544</u>
Reconciliation from Modified Accrual Basis to Accrual Basis:			
Principal retirement		183,645	
Capital outlay		13,720	
Change in compensated absences		(1,866)	
Change in OPEB Liability		(802)	
Change in net pension liability		20,770	
Change in deferred outflows of resources - pension		(23,849)	
Change in deferred inflows of resources - pension		2,189	
Change in deferred inflows of resources - OPEB		(2,221)	
Depreciation		<u>(188,192)</u>	
Change in net position, accrual basis		<u>\$ 120,938</u>	

OTHER SUPPLEMENTAL INFORMATION

This section contains additional information on property taxes.

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TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2018

Fiscal Year	Uncollected Balance July 1, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 1,703,061	\$ 1,673,919	\$ 29,142
2016-2017	46,592	-	38,577	8,015
2015-2016	12,944	-	5,311	7,633
2014-2015	2,959	-	906	2,053
2013-2014	4,551	-	1,371	3,180
2012-2013	5,024	-	933	4,091
2011-2012	2,938	-	57	2,881
2010-2011	3,908	-	54	3,854
2009-2010	2,901	-	101	2,800
2008-2009	2,507	-	47	2,460
2007-2008	<u>2,577</u>	<u>-</u>	<u>2,577</u>	<u>-</u>
Total	<u>\$ 86,901</u>	<u>\$ 1,703,061</u>	<u>\$ 1,723,853</u>	66,109
Less allowance for uncollectible ad valorem taxes receivable				<u>(29,800)</u>
Ad valorem taxes receivable, net				<u>\$ 36,309</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 1,731,770
Reconciling items:				
Amounts written off per Statute of Limitations				(2,577)
Interest				10,127
Releases, refunds, interest and other adjustments				<u>(15,467)</u>
Total collections and credits				<u>\$ 1,723,853</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2018

			<u>Total Levy</u>		
	<u>Property Valuation</u>	<u>Rate</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	\$ 395,309,535	\$ 0.43	\$ 1,699,831	\$ 1,622,973	\$ 76,858
Penalties	-		2,828	2,828	-
Discoveries:					
Current year taxes	84,227		376	376	-
Penalties	<u>-</u>		<u>26</u>	<u>26</u>	<u>-</u>
Total property valuation	<u>\$ 395,393,762</u>				
Net Levy			1,703,061	1,626,203	76,858
Uncollected taxes at June 30, 2018			<u>(29,142)</u>	<u>(28,861)</u>	<u>(281)</u>
Current Year's Taxes Collected			<u>\$ 1,673,919</u>	<u>\$ 1,597,342</u>	<u>\$ 76,577</u>
Current Levy Collection Percentage			<u>98.29%</u>	<u>98.23%</u>	<u>99.63%</u>

STATISTICAL SECTION

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities										
Net investment in capital assets	\$ 2,872,761	\$ 3,140,826	\$ 5,914,883	\$ 6,015,264	\$ 6,280,941	\$ 6,188,008	\$ 6,132,080	\$ 7,041,648	\$ 7,151,506	\$ 7,479,809
Restricted	166,737	149,392	296,421	227,776	264,994	248,102	274,788	227,667	269,764	288,263
Unrestricted	<u>1,644,441</u>	<u>1,418,616</u>	<u>1,499,082</u>	<u>1,552,432</u>	<u>1,491,353</u>	<u>1,611,125</u>	<u>1,703,479</u>	<u>2,088,744</u>	<u>1,981,732</u>	<u>1,951,744</u>
Total governmental activities net position	<u>\$ 4,683,939</u>	<u>\$ 4,708,834</u>	<u>\$ 7,710,386</u>	<u>\$ 7,795,472</u>	<u>\$ 8,037,288</u>	<u>\$ 8,047,235</u>	<u>\$ 8,110,347</u>	<u>\$ 9,358,059</u>	<u>\$ 9,403,002</u>	<u>\$ 9,719,816</u>
Business-type activities										
Net investment in capital assets	\$ 4,596,289	\$ 4,493,992	\$ 4,728,365	\$ 4,796,896	\$ 4,883,849	\$ 4,861,340	\$ 4,838,254	\$ 4,159,861	\$ 4,144,634	\$ 4,153,807
Unrestricted	<u>1,180,848</u>	<u>1,578,574</u>	<u>1,567,071</u>	<u>1,555,414</u>	<u>1,533,967</u>	<u>1,617,951</u>	<u>1,581,537</u>	<u>1,460,066</u>	<u>1,608,418</u>	<u>1,717,819</u>
Total business-type activities net position	<u>\$ 5,777,137</u>	<u>\$ 6,072,566</u>	<u>\$ 6,295,436</u>	<u>\$ 6,352,310</u>	<u>\$ 6,417,816</u>	<u>\$ 6,479,291</u>	<u>\$ 6,419,791</u>	<u>\$ 5,619,927</u>	<u>\$ 5,753,052</u>	<u>\$ 5,871,626</u>
Primary government										
Net investment in capital assets	\$ 7,469,050	\$ 7,634,818	\$ 10,643,248	\$ 10,812,160	\$ 11,164,790	\$ 11,049,348	\$ 10,970,334	\$ 11,201,509	\$ 11,296,140	\$ 11,633,616
Restricted	166,737	149,392	296,421	227,776	264,994	248,032	274,788	227,667	269,764	288,263
Unrestricted	<u>2,825,289</u>	<u>2,997,190</u>	<u>3,066,153</u>	<u>3,107,846</u>	<u>3,025,320</u>	<u>3,229,146</u>	<u>3,285,016</u>	<u>3,548,810</u>	<u>3,590,150</u>	<u>3,669,563</u>
Total primary government net position	<u>\$ 10,461,076</u>	<u>\$ 10,781,400</u>	<u>\$ 14,005,822</u>	<u>\$ 14,147,782</u>	<u>\$ 14,455,104</u>	<u>\$ 14,526,526</u>	<u>\$ 14,530,138</u>	<u>\$ 14,977,986</u>	<u>\$ 15,156,054</u>	<u>\$ 15,591,442</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General Government	\$ 105,104	\$ 448,277	\$ 478,688	\$ 479,242	\$ 548,043	\$ 355,026	\$ 404,990	\$ 693,429	\$ 476,496	\$ 668,623
Public Safety	1,304,488	1,358,663	1,074,957	1,043,027	916,738	1,030,764	1,017,165	1,031,788	1,191,902	811,102
Transportation	491,234	495,991	520,452	576,194	579,476	605,523	600,032	300,884	662,024	696,782
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Parks & Recreation	1,461	21,638	16,280	15,958	15,394	28,746	25,180	26,030	47,307	132,570
Interest on long-term debt	59,685	59,007	53,576	49,757	37,510	37,213	15,205	14,376	15,159	11,288
Total governmental activities expenses	<u>1,961,972</u>	<u>2,383,576</u>	<u>2,143,953</u>	<u>2,164,178</u>	<u>2,097,161</u>	<u>2,057,272</u>	<u>2,062,572</u>	<u>2,066,507</u>	<u>2,392,888</u>	<u>2,320,365</u>
Business-type activities:										
Sewer	561,557	616,386	587,592	653,658	694,878	736,366	728,258	768,796	764,762	818,900
Festival Grounds	100,344	149,730	238,046	276,079	202,090	154,437	113,660	134,030	-	-
Total business-type activities	<u>661,901</u>	<u>766,116</u>	<u>825,638</u>	<u>929,737</u>	<u>896,968</u>	<u>890,803</u>	<u>841,918</u>	<u>902,826</u>	<u>764,762</u>	<u>818,900</u>
Total primary governmental expenses	<u>\$ 2,623,873</u>	<u>\$ 3,149,692</u>	<u>\$ 2,969,591</u>	<u>\$ 3,093,915</u>	<u>\$ 2,994,129</u>	<u>\$ 2,948,075</u>	<u>\$ 2,904,490</u>	<u>\$ 2,969,333</u>	<u>\$ 3,157,650</u>	<u>\$ 3,139,265</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 27,770	\$ 4,895	\$ 3,935	\$ 1,830	\$ 3,024	\$ 3,220	\$ 2,580	\$ 2,175	\$ 40,909	\$ 3,640
Public Safety	44,883	12,272	2,661	3,799	2,780	5,935	11,306	8,193	11,862	20,080
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-	-	-	-	87,948
Operating grants and contributions	78,534	339,644	86,386	119,375	456,972	143,325	101,547	133,708	119,510	43,673
Capital grants and contributions	-	-	2,745,649	26,199	10,000	-	-	-	-	-
Total governmental activities program revenues	<u>151,187</u>	<u>356,811</u>	<u>2,838,631</u>	<u>151,203</u>	<u>472,776</u>	<u>152,480</u>	<u>115,433</u>	<u>144,076</u>	<u>172,281</u>	<u>155,341</u>
Business-type activities:										
Charges for services:										
Sewer	734,504	705,981	708,181	643,958	618,731	664,737	723,683	755,697	892,224	923,729
Festival Grounds	59,018	89,983	41,191	53,144	30,733	40,799	24,761	31,869	-	-
Operating grants and contributions	-	-	113,022	142,950	99,531	46,540	-	-	-	5,000
Capital grants and contributions	-	-	42,638	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>793,522</u>	<u>795,964</u>	<u>905,032</u>	<u>840,052</u>	<u>748,995</u>	<u>752,076</u>	<u>748,444</u>	<u>787,566</u>	<u>892,224</u>	<u>928,729</u>
Total primary governmental program revenues	<u>\$ 944,709</u>	<u>\$ 1,152,775</u>	<u>\$ 3,743,663</u>	<u>\$ 991,255</u>	<u>\$ 1,221,771</u>	<u>\$ 904,556</u>	<u>\$ 863,877</u>	<u>\$ 931,642</u>	<u>\$ 1,064,505</u>	<u>\$ 1,084,070</u>
Net (expense)/revenue										
Governmental activities	\$ (1,810,785)	\$ (2,026,765)	\$ 694,678	\$ (2,012,975)	\$ (1,624,385)	\$ (1,904,792)	\$ (1,947,139)	\$ (1,922,431)	\$ (2,220,607)	\$ (2,067,898)
Business-type activities	131,621	29,848	79,394	(89,685)	(147,973)	(138,727)	(93,474)	(115,260)	127,462	109,829
Total primary governmental net expense	<u>\$ (1,679,164)</u>	<u>\$ (1,996,917)</u>	<u>\$ 774,072</u>	<u>\$ (2,102,660)</u>	<u>\$ (1,772,358)</u>	<u>\$ (2,043,519)</u>	<u>\$ (2,040,613)</u>	<u>\$ (2,037,691)</u>	<u>\$ (2,093,145)</u>	<u>\$ (1,958,069)</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 1,560,274	\$ 1,765,479	\$ 1,830,486	\$ 1,741,025	\$ 1,579,027	\$ 1,616,141	\$ 1,630,899	\$ 1,710,421	\$ 1,607,484	\$ 1,687,286
Local option sales tax	331,387	323,386	319,849	253,592	252,690	266,995	304,362	328,945	344,957	371,660
License	15,920	15,158	24,718	23,785	38,775	13,992	9,732	6,193	7,560	660
Franchise	166,379	176,205	186,449	152,166	142,989	150,670	197,878	218,757	207,868	207,010
Disposal tax	-	1,115	1,076	862	566	683	795	806	863	929
Grants and Contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Unrestricted intergovernmental revenues	7,154	3,296	7,061	5,009	4,683	14,363	23,217	24,002	66,961	21,094
Unrestricted investment earnings	30,104	14,417	10,090	5,871	4,798	3,912	4,931	9,201	16,302	30,364
Miscellaneous	-	-	-	-	9,500	8,833	12,564	167,298	123,960	87,293
Transfers	105,500	(247,396)	(72,855)	(84,249)	(166,827)	(160,850)	(50,100)	704,520	-	-
Total governmental activities	<u>2,216,718</u>	<u>2,051,660</u>	<u>2,306,874</u>	<u>2,098,061</u>	<u>1,866,201</u>	<u>1,914,739</u>	<u>2,134,278</u>	<u>3,170,143</u>	<u>2,375,955</u>	<u>2,406,296</u>
Total business-type activities										
Unrestricted investment earnings	31,245	18,185	10,138	5,171	3,448	2,868	2,968	3,916	5,663	11,109
Miscellaneous	-	-	60,482	57,140	43,204	36,484	13,875	16,000	-	-
Transfers	(105,500)	247,396	72,855	84,249	166,827	160,850	50,100	(704,520)	-	-
Total business-type activities	<u>(74,255)</u>	<u>265,581</u>	<u>143,475</u>	<u>146,560</u>	<u>213,479</u>	<u>200,202</u>	<u>66,943</u>	<u>(684,604)</u>	<u>5,663</u>	<u>11,109</u>
Total primary government	<u>\$ 2,142,463</u>	<u>\$ 2,317,241</u>	<u>\$ 2,450,349</u>	<u>\$ 2,244,621</u>	<u>\$ 2,079,680</u>	<u>\$ 2,114,941</u>	<u>\$ 2,201,221</u>	<u>\$ 2,485,539</u>	<u>\$ 2,381,618</u>	<u>\$ 2,417,405</u>
Change in Net Position										
Governmental activities	405,933	24,895	3,001,552	85,086	241,816	9,947	187,139	1,247,712	155,348	338,398
Business-type activities	57,366	295,429	222,869	56,875	65,506	61,475	(26,531)	(799,864)	133,125	120,938
Total primary government	<u>\$ 463,299</u>	<u>\$ 320,324</u>	<u>\$ 3,224,421</u>	<u>\$ 141,961</u>	<u>\$ 307,322</u>	<u>\$ 71,422</u>	<u>\$ 160,608</u>	<u>\$ 447,848</u>	<u>\$ 288,473</u>	<u>\$ 459,336</u>

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Disposal Tax	Occupancy Tax	Total
2009	\$ 1,474,404	\$ 331,387	\$ 165,899	\$ 7,154	\$ -	\$ -	\$ 1,978,844
2010	1,765,479	323,386	176,205	2,296	1,115	-	2,268,481
2011	1,830,486	319,849	186,449	7,061	1,076	-	2,344,921
2012	1,741,025	253,592	152,166	5,009	862	-	2,152,654
2013	1,579,027	252,690	142,989	4,683	566	9,500	1,989,455
2014	1,616,141	266,995	150,670	5,363	683	8,833	2,048,685
2015	1,630,899	304,362	197,878	5,971	795	12,564	2,152,469
2016	1,710,421	328,945	218,757	6,193	806	15,201	2,280,323
2017	1,607,484	344,957	207,868	5,834	863	4,000	2,171,006
2018	1,687,286	371,660	207,010	5,986	929	63,600	2,336,471

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 179,684	\$ 155,205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,571,837	1,604,867	-	-	-	-	-	-	-	-
Non-spendable	-	-	20,821	26,155	15,169	16,841	31,686	38,100	22,280	13,592
Restricted	-	-	296,421	225,818	264,994	248,102	274,788	226,625	269,694	283,788
Committed	-	-	6,957	6,957	6,957	6,957	6,957	6,957	6,957	6,957
Assigned	-	-	-	-	-	-	27,761	-	174,380	-
Unassigned	-	-	1,726,406	1,728,287	1,802,205	1,916,914	2,111,097	2,406,189	2,199,864	2,596,816
Total General Fund	<u>\$ 1,751,521</u>	<u>\$ 1,760,072</u>	<u>\$ 2,050,605</u>	<u>\$ 1,987,217</u>	<u>\$ 2,089,325</u>	<u>\$ 2,188,814</u>	<u>\$ 2,452,289</u>	<u>\$ 2,677,871</u>	<u>\$ 2,673,175</u>	<u>\$ 2,901,153</u>
All other governmental funds										
Restricted in capital project	\$ -	\$ -	\$ 39,650	\$ 1,958	\$ -	\$ -	\$ -	\$ 1,042	\$ 70	\$ 4,475
Committed in capital project	-	-	-	-	-	-	-	-	160,951	1,238
Unassigned in capital project	-	-	(31,757)	89,096	-	-	-	(8)	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,893</u>	<u>\$ 91,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,034</u>	<u>\$ 161,021</u>	<u>\$ 5,713</u>

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues										
Ad valorem taxes	\$ 1,474,404	\$ 1,709,773	\$ 1,887,148	\$ 1,750,802	\$ 1,588,371	\$ 1,594,227	\$ 1,676,985	\$ 1,596,125	\$ 1,677,533	\$ 1,731,770
Other tax and license	513,686	515,864	532,092	430,405	444,520	441,173	525,331	721,999	685,208	667,552
Unrestricted intergovernmental revenues	7,154	3,296	7,061	5,009	4,683	14,363	23,217	24,002	66,961	21,094
Restricted intergovernmental revenues	78,534	318,022	2,807,936	100,474	113,445	95,973	61,373	64,857	67,916	46,816
Permits & fees	44,882	12,271	2,661	3,799	2,780	5,935	11,306	8,193	11,862	20,080
Sales & service	4,530	4,895	3,935	1,830	3,024	3,220	2,580	2,175	40,909	135,261
Investment earnings	30,104	14,417	10,090	5,871	4,798	3,912	4,931	9,201	16,302	30,364
Miscellaneous	23,239	21,622	24,099	45,100	353,527	47,352	95,798	124,475	25,960	50,310
Total revenues	<u>2,176,533</u>	<u>2,600,160</u>	<u>5,275,022</u>	<u>2,343,290</u>	<u>2,515,148</u>	<u>2,206,155</u>	<u>2,401,521</u>	<u>2,551,027</u>	<u>2,592,651</u>	<u>2,703,247</u>
Expenditures										
General government	64,234	398,366	404,707	428,313	404,733	318,729	476,041	894,890	598,042	611,389
Public safety	1,228,295	975,922	1,032,006	1,024,957	920,083	1,002,751	1,045,162	1,003,255	1,111,527	916,839
Transportation	415,290	410,854	469,906	430,806	447,678	476,254	462,406	441,582	582,825	577,967
Parks and recreation	229	17,491	12,133	11,811	11,490	16,180	13,437	184,992	35,417	147,229
Capital outlay	288,380	403,718	2,798,068	131,060	107,373	-	-	-	-	-
Debt service										
Principal repayments	148,465	177,065	177,607	162,564	408,400	701,653	152,387	219,781	220,268	365,865
Interest	59,685	59,007	53,576	49,757	37,510	37,213	15,205	14,376	15,159	11,288
Total expenditures	<u>2,204,578</u>	<u>2,442,423</u>	<u>4,948,003</u>	<u>2,239,268</u>	<u>2,337,267</u>	<u>2,552,780</u>	<u>2,164,638</u>	<u>2,758,876</u>	<u>2,563,238</u>	<u>2,630,577</u>
Excess of revenues over (under) expenditures	<u>(28,045)</u>	<u>157,737</u>	<u>327,019</u>	<u>104,022</u>	<u>177,881</u>	<u>(346,625)</u>	<u>236,883</u>	<u>(207,849)</u>	<u>29,413</u>	<u>72,670</u>
Other Financing Sources (Uses)										
Proceeds from installment purchase	113,289	98,210	44,262	282,842	-	606,964	76,692	377,222	100,244	-
Appropriated fund balance	-	-	-	-	-	-	-	-	-	-
Transfers	105,500	(247,396)	(72,855)	(367,091)	(166,827)	(160,850)	(50,100)	57,243	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	25,634	-
Total other financing sources (uses)	<u>218,789</u>	<u>(149,186)</u>	<u>(28,593)</u>	<u>(84,249)</u>	<u>(166,827)</u>	<u>446,114</u>	<u>26,592</u>	<u>434,465</u>	<u>125,878</u>	<u>-</u>
Net change in fund balances	<u>\$ 190,744</u>	<u>\$ 8,551</u>	<u>\$ 298,426</u>	<u>\$ 19,773</u>	<u>\$ 11,054</u>	<u>\$ 99,489</u>	<u>\$ 263,475</u>	<u>\$ 226,616</u>	<u>\$ 155,291</u>	<u>\$ 72,670</u>
Debt services as a percentage of non-capital expenditures	<u>10.9%</u>	<u>11.6%</u>	<u>11.1%</u>	<u>10.4%</u>	<u>20.3%</u>	<u>30.0%</u>	<u>8.3%</u>	<u>11.4%</u>	<u>10.4%</u>	<u>16.1%</u>

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

Fiscal Year Ended	Real Property	Personal Property	Public Svc Co. Property	Motor Vehicle	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2009	\$ 340,380,348	\$ 19,006,753	\$ 2,548,410	\$ 10,797,730	\$ (1,488,997)	\$ 371,244,244	0.42
2010	388,431,538	23,643,319	3,207,399	10,563,584	(1,665,708)	424,180,132	0.42
2011	393,594,408	21,231,402	2,845,313	10,798,217	(1,071,316)	427,398,024	0.42
2012	374,583,810	20,866,300	3,110,383	11,494,685	(1,346,653)	408,708,525	0.42
2013	375,967,929	17,951,762	3,119,498	12,144,546	(3,054,146)	406,129,589	0.39
2014	380,230,963	16,617,190	3,086,825	17,350,545	(2,963,353)	414,322,170	0.39
2015	380,275,439	16,489,116	3,039,398	14,229,625	(3,335,986)	410,697,592	0.39
2016	381,224,766	14,739,298	3,079,953	16,210,820	(2,094,758)	413,160,079	0.39
2017	383,510,287	17,885,486	3,130,247	17,290,749	(3,362,943)	418,453,826	0.39
2018	360,436,642	17,398,719	3,199,576	18,105,782	(3,515,268)	395,625,451	0.43

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

Tax rates are per \$100 of assessed value.

Source: Haywood County Tax Listing Office

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

Year	Haywood County	Town of Maggie Valley	Fire District
2009	0.497	0.42	0.50
2010	0.514	0.42	0.50
2011	0.514	0.42	0.50
2012	0.541	0.42	0.06
2013	0.541	0.39	0.06
2014	0.541	0.39	0.06
2015	0.541	0.39	0.06
2016	0.566	0.39	0.06
2017	0.566	0.39	0.06
2018	0.059	0.43	0.06

Source: Haywood County and Maggie Valley Tax Departments

**Town of Maggie Valley
Principal Property Taxpayers
June 30, 2018**

2018				2009			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Maggie Valley Resort LLC	\$ 12,226,166	1	3.24%	Maggie Valley Resort	\$ 19,239,564	1	4.65%
MVRE LLC A NC LLC	5,944,600	2	1.57%	Ghost Town Partners	8,283,384	2	2.00%
LULA LLC	3,915,932	3	1.04%	Maggie Valley Development	5,715,770	3	1.38%
Peppertree Resort	3,432,328	4	0.91%	Twinbrook Resort Inc	4,444,830	4	1.07%
Twinbrooks Resort Inc	3,030,700	5	0.80%	Peppertree	3,907,292	5	0.94%
Duke Energy Progress Inc	258,714	6	0.07%	Stone Bridge LLC	3,751,270	6	0.91%
DAHI Inc	2,659,253	7	0.70%	Reece Hotel	2,617,402	7	0.63%
Kyle Edwards	2,581,977	8	0.68%	Taylor Toggs	2,391,079	8	0.58%
Taylor Toggs	2,129,014	9	0.56%	Blue Ridge Enterprises LLC	2,315,100	9	0.56%
Zambito Enterprises Inc	2,092,400	10	0.55%	DAHI Inc	2,295,981	10	0.56%
Totals	<u>\$ 38,271,084</u>		<u>10.14%</u>	Totals	<u>\$ 54,961,672</u>		<u>13.29%</u>
Total Taxable Assessed Value	<u>\$ 377,435,443</u>			Total Taxable Assessed Value	<u>\$ 413,616,548</u>		

Source: Haywood County Tax Assessor's Office

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

Fiscal Year Ended June 30	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 1,564,059	\$ 1,465,210	93.68%	\$ 46	\$ 1,508,344	96.44%
2010	1,783,895	1,657,688	92.93%	101	1,753,030	98.27%
2011	1,797,477	1,715,571	95.44%	53	1,715,628	95.45%
2012	1,720,154	1,637,992	95.22%	57	1,638,925	95.28%
2013	1,586,046	1,512,825	95.38%	933	1,514,196	95.47%
2014	1,617,056	1,532,770	94.79%	1,371	1,534,141	94.87%
2015	1,604,854	1,551,443	96.67%	906	1,552,349	96.73%
2016	1,614,072	1,545,669	95.76%	5,311	1,550,980	96.09%
2017	1,634,537	1,587,945	97.15%	38,576	1,626,521	99.51%
2018	1,703,061	1,673,918	98.29%	-	1,673,918	98.29%

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

Fiscal Year	Governmental Activities			Business-Type Activities			Primary Government	Percentage of Personal Income	Percentage Per Capita (a)
	Notes Payable	Installment Contracts	Capital Leases	Obligation Bonds	General Capital Leases				
2009	\$ -	\$ 1,531,530	\$ -	\$ -	\$ 2,984,242	\$ 4,515,772	0.58%	2,835	
2010	-	1,452,675	-	-	3,067,680	4,520,355	0.58%	2,838	
2011	-	1,319,329	-	-	2,885,373	4,204,702	0.62%	2,612	
2012	-	1,156,765	-	-	2,653,789	3,810,554	0.86%	3,314	
2013	-	748,365	-	-	2,463,559	3,211,924	1.08%	2,769	
2014	-	653,676	-	-	2,316,089	2,969,765	1.17%	2,560	
2015	-	577,981	-	-	2,144,731	2,722,712	1.28%	2,138.82	
2016	-	735,422	-	-	1,973,200	2,708,622	1.28%	2,101.34	
2017	-	615,398	-	-	1,813,251	2,428,649	1.45%	1,884.13	
2018	-	249,533	-	-	1,629,606	1,879,139	2.00%	1,359.72	

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

(a) see Demographics and Economic Statistics for population data

**Town of Maggie Valley
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Haywood County	\$ 46,430,607	5.31%	\$ 2,464,165
Subtotal, overlapping debt			2,464,165
Town of Maggie Valley direct debt			249,533
Total direct and overlapping debt			<u>\$ 2,713,698</u>

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

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

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 28,168,010	\$ 32,481,736	\$ 32,872,513	\$ 31,539,917	\$ 32,490,637	\$ 33,145,774	\$ 32,855,807	\$ 33,052,806	\$ 33,476,306	\$ 31,631,501
Total net debt applicable to limit	<u>1,531,530</u>	<u>1,452,675</u>	<u>1,319,329</u>	<u>1,156,765</u>	<u>748,365</u>	<u>653,676</u>	<u>577,981</u>	<u>735,422</u>	<u>615,398</u>	<u>249,533</u>
Legal debt margin	<u>\$ 26,636,480</u>	<u>\$ 31,029,061</u>	<u>\$ 31,553,184</u>	<u>\$ 30,383,152</u>	<u>\$ 31,742,272</u>	<u>\$ 32,492,098</u>	<u>\$ 32,277,826</u>	<u>\$ 32,317,384</u>	<u>\$ 32,860,908</u>	<u>\$ 31,381,968</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>5.44%</u>	<u>4.47%</u>	<u>4.01%</u>	<u>3.67%</u>	<u>2.30%</u>	<u>1.97%</u>	<u>1.76%</u>	<u>2.22%</u>	<u>1.84%</u>	<u>0.79%</u>

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value	\$ 395,393,762
Add back: exempt real property	<u>-</u>
Total assessed value	<u>\$ 395,393,762</u>
Debt limit (8% of total assessed value)	\$ 31,631,501
Debt applicable to limit:	
Less: amount set aside for repayment of general obligation debt	<u>249,533</u>
Legal debt margin	<u>\$ 31,381,968</u>

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

Fiscal Year	Population	Haywood County Personal Income (1)	Per Capita Personal Income (2)	School Enrollment (3)	Haywood County Unemployment Rate (4)
2009	1,593	\$ 26,256	\$ 23,159	401	9.6
2010	1,610	24,319	22,662	394	8.9
2011	1,610	32,864	20,828	353	9.3
2012	1,156	34,736	22,682	344	8.5
2013	1,226	44,720	24,241	337	7.7
2014	1,252	46,280	24,022	358	5.0
2015	1,273	34,269	24,449	354	5.5
2016	1,289	34,681	39,183	371	4.5
2017	1,289	37,492	*	366	3.7
2018	1,382	*	*	390	3.6

- (1) Haywood County Economic Development Council
(2) N.C. Department of Commerce/Office of State Planning
(3) NC Public Schools - ADM Jonathan Valley
(4) Employment Security Commission
* Information not available yet

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

Employer	2018			2009	
	Number of Employees (1)		% of Total County Employment (2)	Number of Employees (1)	% of Total County Employment (2)
Evergreen Packaging	1,100	1	3.85%	2	5.04%
Haywood County Consolidated Schools	1,099	2	3.85%	1	5.62%
Dlp Partner Midwest LLC	932	3	3.26%	3	4.11%
Consolidated Metco Inc	675	6	2.36%		0.00%
Ingles Markets, Inc	636	4	2.23%	5	1.70%
Haywood County Government	555	5	1.94%	4	2.15%
Haywood Vocational Opportunities	415	7	1.45%	8	1.31%
Wal-Mart Associates Inc	335	8	1.17%	7	1.55%
Haywood Community College	314	9	1.10%	6	1.70%
Town of Waynesville	288	10	1.01%	9	0.88%
Silver Bluff Nursing Home				10	0.87%
Totals	5,249		18.39%		19.89%

Total County Employment	28,550	24,815
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(1) Human Resource Departments of companies - includes full-time and part-time

(2) Employment Security Commission of North Carolina

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function										
General government	6	5	5	5	5	5	5	5	5	5
Public Safety	10	11	11	11	11	11	11	11	11	11
Transportation	4	4	4	4	4	4	4	4	5	5
Festival Grounds	-	-	-	1	1	-	-	-	-	-
Waste Water Treatment	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	<u><u>22</u></u>	<u><u>22</u></u>	<u><u>22</u></u>	<u><u>23</u></u>	<u><u>23</u></u>	<u><u>22</u></u>	<u><u>22</u></u>	<u><u>22</u></u>	<u><u>23</u></u>	<u><u>23</u></u>

Source
Various Town Departments

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function										
Law Enforcement										
Physical arrests	241	192	260	258	211	182	308	267	310	343
Traffic violations	985	873	1,133	1,234	876	518	1,090	1,181	1,567	1,468
Refuse Collection										
Refuse collected (tons per day)	7.67	7.38	6.31	7.75	7.41	8.44	7.46	8.94	9.53	9.58
Recyclables collected (tons per day)	0.57	0.70	1.64	1.10	1.16	1.46	1.77	1.81	2.10	2.53
Other Public Works										
Streets resurfing (miles)	0.05	-	-	0.04	0.05	0.15	1.28	-	0.06	0.30
Potholes repaired	40.00	60.00	120.00	120.00	150.00	140.00	105.00	95.00	80.00	90.00
Waste Water Treatment										
Average daily sewage treatment	0.294	0.310	0.260	0.260	0.340	0.290	0.270	0.330	0.326	0.326

Sources: Various Town departments

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function										
Public Safety										
Police:										
stations	1	1	1	1	1	1	1	1	1	1
patrol units	8	10	10	10	10	10	10	10	10	10
Fire stations	1	1	1	1	1	1	1	1	1	1
Public Works										
streets (miles)	4.38	4.38	4.38	4.38	4.38	4.38	6.66	6.67	6.67	6.67
highways (miles)	5	5	5	5	5	5	5	5	5	5
street lights	287	286	286	286	286	286	286	286	286	286
traffic Signals	2	2	2	2	2	2	2	2	2	2
Parks and Recreation										
acreage	11.60	11.63	11.63	11.63	11.63	11.63	11.63	13.15	13.15	13.15
playgrounds	1	1	2	2	2	2	2	2	2	2
community centers	1	1	1	1	1	1	1	1	1	1
Waste Water Treatment										
sanitary sewer (miles)	46.4	47.0	47.1	47.1	47.1	47.2	47.3	47.5	47.5	47.5
treatment capacity (thousands of gallons)	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000

Sources: Various Town departments

COMPLIANCE SECTION

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

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

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Maggie Valley, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Maggie Valley's basic financial statements and have issued our report thereon dated October 5, 2018. Our audit includes a reference to other auditors who audited the financial statements of the Town of Maggie Valley ABC Board, as described in our report on the Town of Maggie Valley's financial statements. The financial statements of the Town of Maggie Valley ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2018-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Town of Maggie Valley's Response to Finding

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

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 5, 2018

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2018

1. Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

No

Yes

Non-compliance material to financial statements noted?

No

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2018

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

Significant Deficiency

Finding 2018-001 Segregation of Duties

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

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

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

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

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2017-001.

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

Name of Contact Person: Shayne Wheeler, Finance Officer

Views of Responsible Officials and Planned Corrective Actions: The Town agrees with this finding and will adhere to the Corrective Action Plan on page 97 in this audit report. Management is aware of the weakness but, due to cost-benefit analysis, hiring personnel does not appear feasible.



Shayne Wheeler
Finance Officer
swheeler@maggievalleyncc.gov

828.926.0866 x 101
3987 Soco Road
Maggie Valley, NC 28751

CORRECTIVE ACTION PLAN

Significant Deficiency

Finding 2018-001 Segregation of Duties

Name of Contact Person: Shayne Wheeler, Finance Officer

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

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018

Finding 2017-001:

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

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