

**TOWN OF MAGGIE VALLEY
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

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NORTH CAROLINA**

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FOR THE YEAR ENDED JUNE 30, 2010

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

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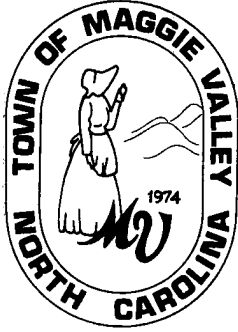
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INTRODUCTORY SECTION



Town of Maggie Valley

3987 Soco Road, Maggie Valley N.C. 28751
Phone 828-926-0866 Ext. 101 Fax 828-926-3576

September 10, 2010

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, 2010. 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 unqualified 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. The permanent population of Maggie Valley is 1,610 and a part time estimated 1,500 additional population and a land area of 3.85 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 annexation becoming effective July 1, 2009.

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 that include police protection, sewer, planning, cultural and recreational activities, general administration, solid wastes service that includes a recycling program, yard debris and white goods disposal. 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 rate.

The tourism industry has continued to struggle in Maggie Valley because of the declining economy. The Occupancy tax is down this year by 7%. In February 2010, the Town eliminated the Building Inspections department, turning all issuance of permits over to Haywood County. Home sales continue to stay flat. Due to the land slide that took place in February, the local amusement park, Ghost Town in the Sky did not open for the 2010 season.

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 \$129,021 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 \$57,596 to the Town this year to promote Maggie Valley.

In a better effort to promote the Maggie Valley Festival grounds and Maggie Valley as a whole, the Town has hired a Special Events and Festivals Director.

Long Term Financial Planning

In November 2006, the Town purchased .0862 acres of land at the corner of Moody Farm Rd and Soco Rd and sits along side of Jonathan Creek. The Town designated the property as Parham Park. The Town would like to add amenities to the property such as public restrooms, covered picnic pavilion, river decks, and a water garden. In October 2009, the Town purchased .03 acres of property, located at the other end of Moody Farm Road and Soco Road. The Town has designated this property as McCracken Park. The Town plans to provide parking and benches for this park property.

In May 2008, the Town signed a contract with Mattern & Craig Inc to design sidewalks on the south side of Moody Farm Rd from the intersection of US 19 to the intersection of US 19 and two pedestrian bridges. The Town was awarded \$1,608,295 in stimulus grant money to build the sidewalks and pedestrian bridge. As of June 30, 2010, the sidewalk portion of the project is at 25% completion. Once the project is complete there will be 1.8 miles of new sidewalk on Moody Farm Road with a Town park at each intersection.

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 holding 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 of equipment, to privatization, and partnerships with other agencies.

On February 5, 2010, a land slide from the top of Buck Mountain impacted approximately 3,000 feet of unnamed tributary to Jonathans Creek. It affected 5 homes and completely obstructed 3 road crossings for Rich Cove Rd, the only access to the area and surrounding homes. The total

impact affected 37 homes. The cleanup project is estimated to cost 1.47 million. The Town was able to obtain 75% of funding from the Federal National Resources Conservation Service (NRCS) out of their Emergency Watershed Protection Program. The remaining 25% will come from North Carolina Department of Transportation (NCDOT) through their Emergency Road Fund. The Town of Maggie Valley and Ghost Town Partners will each fund \$25,000 for the stabilization efforts. As of June 30, 2010 we have submitted plans to the State and are waiting for approval and are waiting on land rights to be given from Ghost Town Partners.

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, 2009. This is the seventh 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,


Timothy Barth
Town Manager


Shayne Wheeler
Finance Officer

TOWN OF MAGGIE VALLEY

PRINCIPAL OFFICIALS

JUNE 30, 2010

Mayor:

Roger McElroy

Aldermen:

Scott Pauley
Phil Aldridge
Saralyn Price
Colin Edwards

Town Manager:

Timothy Barth

Town Clerk:

Vicki Best

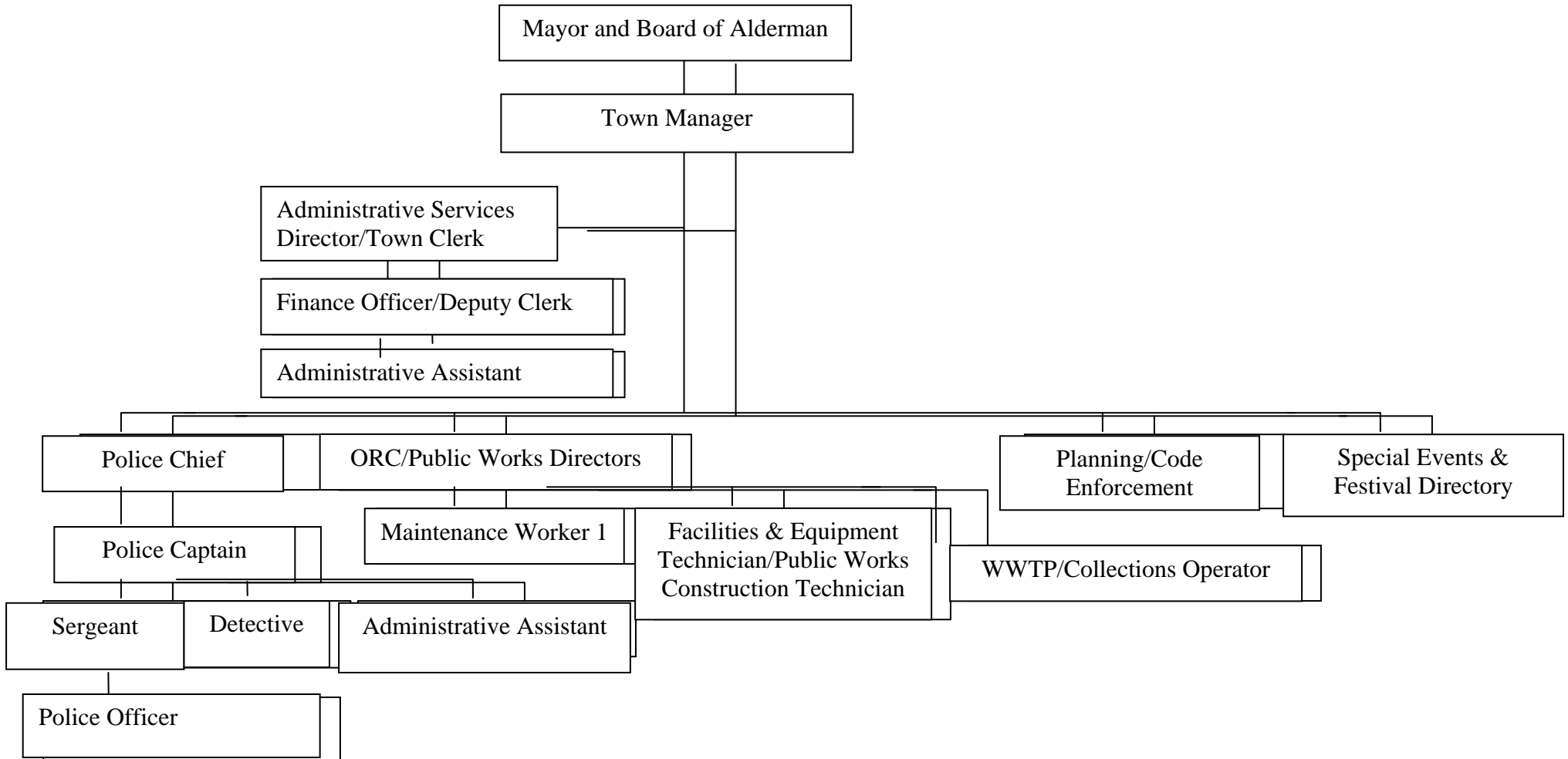
Police Chief:

Scott Sutton

ORC/Public Works Director:

Michael Mehaffey

**Town of Maggie Valley
Organizational Chart
As of June 30, 2010**



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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION

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

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Maggie Valley, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Maggie Valley, North Carolina's management. 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 financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Maggie Valley ABC Board, is based solely on the report of the other auditors.

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 basic financial statements are free of material misstatement. The financial statements of the Town of Maggie Valley ABC Board were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit, 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, each major fund, and the aggregate remaining fund information of the Town of Maggie Valley, North Carolina, as of June 30, 2010, the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 10, 2010 on our consideration of the Town of Maggie Valley's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed 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 combining and individual non major fund financial statements and schedules, the budget and actual schedules, and other supplemental schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The other information included in this report, designated as the Introductory Section and the Statistical Section in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereon.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
September 10, 2010

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2010

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, 2010. 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.

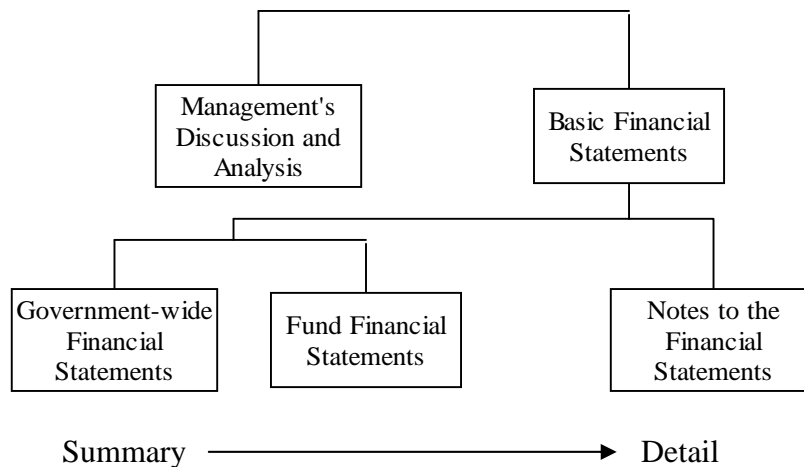
Financial Highlights

- The assets of the Town of Maggie Valley exceeded its liabilities at the close of the fiscal year by \$10,781,400.
- The Town of Maggie Valley's total net assets increased by \$320,324, of which \$24,895 came from governmental activities and \$295,429, came from business-type activities.
- As of the close of the current fiscal year, the Town of Maggie Valley's governmental funds reported combined ending fund balances of \$1,760,072 an increase of \$8,551 in comparison with the prior year. Approximately 88 percent of this total amount or \$1,551,640 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,528,815 or 69 percent of total general fund expenditures for the fiscal year.
- The Town of Maggie Valley's total debt increased by \$313,939(7%) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to 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 H) 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 are 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 assets and how they have changed. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets 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 state and federal 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 Assets 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 and for its festival ground operation. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets 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 are on pages 25-48 of this report.

Government-Wide Financial Analysis

**The Town of Maggie Valley's Net Assets
June 30, 2010 and 2009
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Current assets	\$ 2,101,953	\$ 1,926,568	\$ 1,651,597	\$ 1,443,307	\$ 3,753,550	\$ 3,369,875
Capital assets	4,593,501	4,404,291	7,561,672	7,580,531	12,155,173	11,984,822
Total assets	<u>6,695,454</u>	<u>6,330,859</u>	<u>9,213,269</u>	<u>9,023,838</u>	<u>15,908,723</u>	<u>15,354,697</u>
Liabilities:						
Current liabilities	377,640	250,699	296,617	480,821	674,257	774,909
Noncurrent liabilities	1,608,980	1,396,221	2,844,086	2,765,880	4,453,066	2,181,131
Total liabilities	<u>1,986,620</u>	<u>1,646,920</u>	<u>3,140,703</u>	<u>3,246,701</u>	<u>5,127,323</u>	<u>2,956,040</u>
Net Assets:						
Invested in capital assets, net of related debt	3,140,826	2,872,761	4,493,992	4,596,289	7,634,818	7,469,050
Restricted for transportation	149,392	166,737	-	-	149,392	166,737
Unrestricted	<u>1,418,616</u>	<u>1,644,441</u>	<u>1,578,574</u>	<u>1,180,848</u>	<u>2,997,190</u>	<u>2,825,289</u>
Total net assets	<u>\$ 4,708,834</u>	<u>\$ 4,683,939</u>	<u>\$ 6,072,566</u>	<u>\$ 5,777,137</u>	<u>\$ 10,781,400</u>	<u>\$ 10,461,076</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Maggie Valley exceeded liabilities by \$10,781,400 as of June 30, 2010. The Town's net assets increased by \$320,324 for the fiscal year ended June 30, 2010. However, the largest portion (71%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. 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 investment in its 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 assets (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,997,190 (28%) is unrestricted.

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

- Property values in Maggie Valley increased by \$52,935,888 or 12 percent, with a tax levy of \$1,783,895 an increase of \$219,836.
- Festival Ground revenues increased by \$30,935, this is due to a 52% increase in reimbursement from the Haywood County Tourism Development Authority 1% funding.
- Franchise tax increased by \$9,826 or 6%.

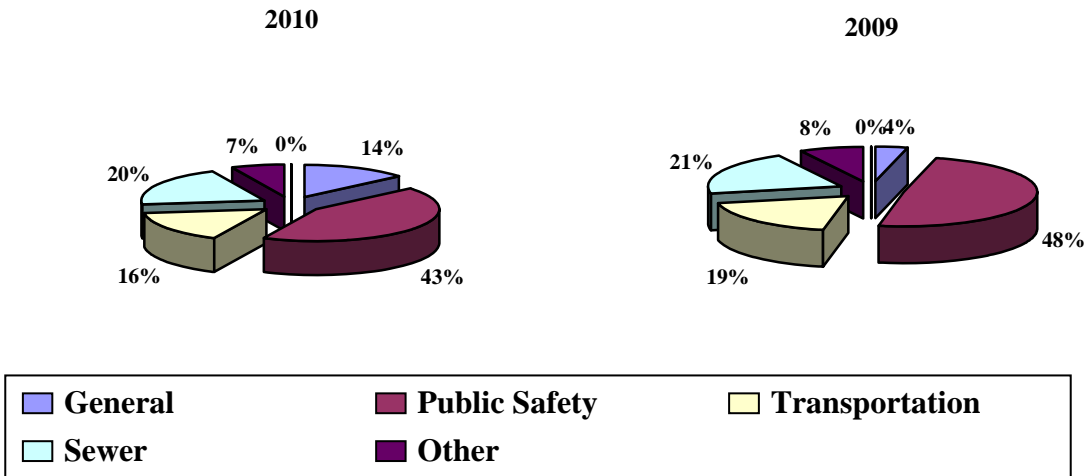
The slowing economy has had a bigger impact on the Town this fiscal year:

- Investment Earnings decreased by \$28,747 or 47%.
- Tax collection rate is 92.93% excluding motor vehicle. This is a .75% decrease from 2008-2009.
- Local option sales tax decreased by \$8,001 or 2%.

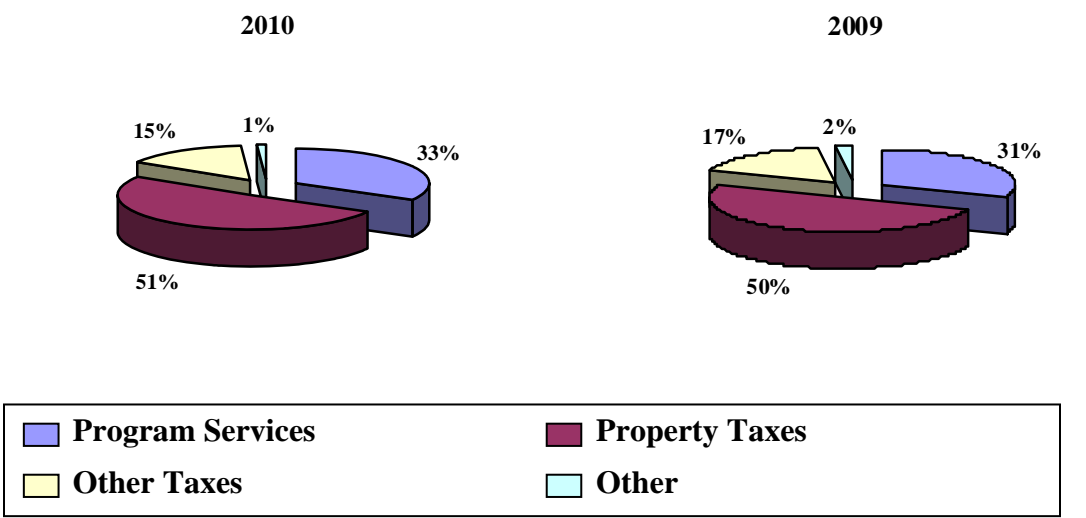
**Town of Maggie Valley Changes in Net Assets
For the Years Ending June 30, 2010 and 2009
Figure 3**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Revenues:						
Program revenues:						
Charges for services	\$ 17,167	\$ 72,653	\$ 795,964	\$ 793,522	\$ 813,131	\$ 866,175
Operating grants and contributions	339,644	78,534	-	-	339,644	78,534
General revenues:						
Property taxes	1,765,479	1,560,274	-	-	1,765,479	1,560,274
Other taxes	515,864	513,686	-	-	515,864	513,686
Grants and contributions, not restricted to specific programs	3,296	7,154	-	-	3,296	7,154
Other	14,417	30,104	18,185	31,245	32,602	61,349
Total revenues	<u>2,655,867</u>	<u>2,262,405</u>	<u>814,149</u>	<u>824,767</u>	<u>3,470,016</u>	<u>3,087,172</u>
Expenses:						
General government	448,277	105,104	-	-	448,277	105,104
Public safety	1,358,663	1,304,488	-	-	1,358,663	1,304,488
Transportation	495,991	491,234	-	-	495,991	491,234
Parks and recreation	21,638	1,461	-	-	21,638	1,461
Interest on long-term debt	59,007	59,685	-	-	59,007	59,685
Sewer Fund	-	-	616,386	561,557	616,386	561,557
Festival Grounds Fund	-	-	149,730	100,344	149,730	100,344
Total expenses	<u>2,383,576</u>	<u>1,961,972</u>	<u>766,116</u>	<u>661,901</u>	<u>3,149,692</u>	<u>2,623,873</u>
Increase in net assets before transfers	272,291	300,433	48,033	162,866	320,324	463,299
Transfers	<u>(247,396)</u>	<u>105,500</u>	<u>247,396</u>	<u>(105,500)</u>	<u>-</u>	<u>-</u>
Change in net assets	24,895	405,933	295,429	57,366	320,324	463,299
Net assets, July 1	<u>4,683,939</u>	<u>4,278,006</u>	<u>5,777,137</u>	<u>5,719,771</u>	<u>10,461,076</u>	<u>9,997,777</u>
Net assets, June 30	<u>\$ 4,708,834</u>	<u>\$ 4,683,939</u>	<u>\$ 6,072,566</u>	<u>\$ 5,777,137</u>	<u>\$ 10,781,400</u>	<u>\$ 10,461,076</u>

Government-Wide Expenses
Figure 4



Government-Wide Revenues
Figure 5



Governmental Activities - Governmental activities increased the Town's net assets by \$24,895, thereby accounting for 8% of the total growth in the net assets of the Town of Maggie Valley. Key elements of this increase are as follows:

- Ad valorem taxes increased by \$205,205 (12%) during the year.
- Cable TV franchise tax increased by 3,097 (5%)
- Utility franchise tax increased by \$7,209 (7%)
- In September 2009, the Board of Alderman forgave \$238,310 of debt from the Festival grounds fund. This amount is included in the 247,396 transfer to the Business type activities.
- Charges for services decreased. In February 2010, the Town eliminated the Building Inspections Department.

Business-Type Activities - Business-type activities increased the Town of Maggie Valley's net assets by \$295,429, accounting for 92% of the total growth in the government's net assets. Key elements of this slight increase are as follows:

- Sewer user fees decreased by \$84,077 or 12%. A portion of the decrease would be due to the annexation area converting to an inside sewer rate.
- Interest Expense increased \$32,841 due to a full year of interest payments on the WWTP Expansion.
- This increase would have been a decrease except for the Town's transfer of \$342,216 to the Festival fund.

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, unreserved 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, unreserved fund balance of the General Fund was \$1,528,815 while total fund balance reached \$1,737,247. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 69% of total General Fund expenditures. The decrease in fund balance is due to the forgiveness of debt to the Festival Fund.

At June 30, 2010, the governmental funds of the Town of Maggie Valley reported a combined fund balance of \$1,760,072 a .49 percent increase over last year. Included in this change in fund balance is an increase in fund balance for the General Fund Capital Project fund, otherwise it would be a decrease of fund balance.

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 \$68,678. The majority of the increase is due to the forgiveness of debt for the Festival Fund, the denial of a North Carolina Department of Transportation grant for a project called Safe Routes to School, and Capital Project Fund transfers. All expenditures came in under budget. The largest budgeted variances are in expenditures for Parks and Recreation, Public Safety and Transportation. The Town had plans to build a picnic pavilion and public restrooms. These plans were placed on hold due to Town planning staff turning their attention to the February mudslide on Buck Mountain. The Town had budgeted for a grant for Storm Water runoff, but did not receive the funding. In February 2010, the Town eliminated the Building Inspections department, transferring all issuance of building permits to Haywood County.

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 assets of the Sewer Fund at the end of the fiscal year amounted to \$1,550,327, and those for the Festival Grounds Fund amounted to \$28,246. The total change in net assets for both funds was \$12,960 and \$282,469 respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town'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, 2010, totals \$12,155,173 (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 2010 Traffic Cone Trailer for \$6,650
- Purchase of a 2010 F350 truck for \$23,310
- Purchase of a 2009 Massey Ferguson Tractor for \$24,060
- Purchase of a 2009 Buell Motorcycle for \$14,305
- Purchase of two (2) 2010 Ford Explorers for \$51,060
- Paving of Riverside Villa Drive for \$18,920
- Purchase of two (2) in-car video systems for \$10,700
- Purchase of .03 acres of land at the intersection of Soco Road and Moody Farm Rd for \$3,000
- Design work for sidewalks on Moody Farm Road completed for \$41,530

- Construction in progress for the year: Traffic counters on Soco Road, Sound System for the Auditorium, Wastewater Treatment Plant Expansion, mudslide clean up on Rich Cove Road, Moody Farm Road sidewalks and pedestrian bridge, removal of sewer pump station at Villa L'abri, and the Wastewater Treatment Plant Capital Improvements Plan
- Disposed of a 2001 Tractor with an original cost of \$13,324
- Disposed of a Ikon Digital Copier with an original cost of \$6,341
- Disposed of a 2000 Ford Explorer with an original cost of \$24,925

Town of Maggie Valley's Capital Assets
(Net of depreciation)
June 30, 2010 and 2009
Figure 6

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 1,546,157	\$ 1,543,157	\$ 598,062	\$ 598,062	\$ 2,144,219	\$ 2,141,219
Buildings and systems	2,293,261	2,293,261	5,020,254	5,020,254	7,313,515	5,354,831
Improvements other than buildings	-	-	237,333	237,333	237,333	237,333
Machinery and equipment	449,152	427,407	193,083	193,083	642,235	620,490
Infrastructure	698,984	638,534	-	-	698,984	638,534
Vehicles and motorized equipment	492,584	428,835	60,689	60,689	-	-
Construction in progress	227,425	17,240	3,232,042	3,101,183	3,459,467	3,118,423
Total	5,707,563	5,348,434	9,341,463	9,210,604	15,049,026	14,559,038
Accumulated depreciation	(1,114,062)	(944,143)	(1,779,791)	(1,630,073)	(2,893,853)	(2,574,216)
Capital assets, net	<u>\$ 4,593,501</u>	<u>\$ 4,404,291</u>	<u>\$ 7,561,672</u>	<u>\$ 7,580,531</u>	<u>\$ 12,155,173</u>	<u>\$ 11,984,822</u>

Additional information on the Town's capital assets can be found on page 33-35 in the notes to the financial statements.

Long-Term Debt - As of June 30, 2010, the Town of Maggie Valley had no bonded debt outstanding.

Town of Maggie Valley's Outstanding Debt
June 30, 2010 and 2009

Figure 6

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Installment purchase contracts	<u>\$ 1,452,675</u>	<u>\$ 1,531,530</u>	<u>\$ 3,067,680</u>	<u>\$ 2,984,242</u>	<u>\$ 4,520,355</u>	<u>\$ 4,515,772</u>

The Town of Maggie Valley's total debt increased by \$4,583 during the past fiscal year, primarily due to the \$411,631 in retirement of debt. The government issued \$416,214 in installment purchase financing for the 2009 Massey Ferguson Tractor, a 2010 F350 truck and two (2) 2010 Ford Explorers and three draw downs for construction in progress at the wastewater treatment plant.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Maggie Valley was \$32,481,736.

Additional information regarding the Town of Maggie Valley's long-term debt can be found beginning on page 43 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the slowed growth and prosperity of the Town.

- In October 2009, Interstate 40 was closed due to a rock slide between North Carolina and Tennessee; the interstate did not open back up until April 2010. This hurt the tourism industry in Maggie Valley.
- In February 2010, due to the large decrease in building in Maggie Valley, the Board of Aldermen voted to eliminate the Building Inspections Department and transfer all issuance of building permits to Haywood County.
- In March 2009, Ghost Town Partners, the second largest taxpayer in the Town, filed Chapter 11 bankruptcy.
- Ghost Town in the Sky, an amusement park, did not open for the 2010 season, due to a mud slide that started on Buck Mountain (home of Ghost Town in the Sky) damaging homes and blocking the main access road in three locations.
- In December, the Town hired a Special Events and Festival coordinator to help promote the festival grounds and tourism in Maggie Valley.

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental Activities – Property tax revenue is expected to lead the increase in budgeted revenue by 3%. The Town will use \$89,920 from Fund balance in order to not have a property tax increase. The Town budgeted for less State shared revenues for the upcoming fiscal year.

Budgeted expenditures in the General Fund are expected to increase 1% to \$2,458,050. The largest increase is in Administration, where \$167,675 will be transferred to the Festival Fund. The largest decrease is in Public Safety, where the Building Inspections department has been eliminated.

Business-Type Activities - Sewer Fund revenue is expected to decrease by 3% due to the decline in the purchase of tap fees. General operating expenditures will increase by 20% and debt service decreasing by 2%. Sewer fees will remain the same for the fiscal year. The Festival Grounds Fund revenues are expected to increase by 24% and expenditures increase by 32%. The increase is due to increasing the amount of advertising and promotion of the festival grounds this fiscal 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, NC 28751.

BASIC FINANCIAL STATEMENTS

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government		Total	Town of Maggie Valley ABC Board
	Governmental Activities	Business-Type Activities		
Assets:				
Current assets:				
Cash and cash equivalents	\$ 1,275,824	\$ 1,335,653	\$ 2,611,477	\$ 110,260
Investments	461,506	178,288	639,794	-
Taxes receivable, net	162,584	-	162,584	-
Accounts receivable, net	190,613	114,170	304,783	-
Internal balances	5,613	(5,613)	-	-
Prepays	5,813	29,099	34,912	7,918
Inventories	-	-	-	198,096
Total current assets	<u>2,101,953</u>	<u>1,651,597</u>	<u>3,753,550</u>	<u>316,274</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	1,773,582	3,830,104	5,603,686	-
Other capital assets, net of depreciation	<u>2,819,919</u>	<u>3,731,568</u>	<u>6,551,487</u>	<u>1,263,160</u>
Total non-current assets	<u>4,593,501</u>	<u>7,561,672</u>	<u>12,155,173</u>	<u>1,263,160</u>
Total assets	<u>6,695,454</u>	<u>9,213,269</u>	<u>15,908,723</u>	<u>1,579,434</u>
Liabilities and Net Assets:				
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	165,036	46,321	211,357	136,800
Unearned revenue	14,264	1,925	16,189	-
Security deposit	-	1,886	1,886	-
Long-term liabilities due within one year	<u>198,340</u>	<u>246,485</u>	<u>444,825</u>	<u>37,765</u>
Total current liabilities	<u>377,640</u>	<u>296,617</u>	<u>674,257</u>	<u>174,565</u>
Long-term liabilities:				
Due in more than one year	<u>1,608,980</u>	<u>2,844,086</u>	<u>4,453,066</u>	<u>637,398</u>
Total liabilities	<u>1,986,620</u>	<u>3,140,703</u>	<u>5,127,323</u>	<u>811,963</u>
Net Assets:				
Invested in capital assets, net of related debt	3,140,826	4,493,992	7,634,818	587,997
Restricted for:				
Working capital	-	-	-	46,584
Transportation	149,392	-	149,392	-
Unrestricted	<u>1,418,616</u>	<u>1,578,574</u>	<u>2,997,190</u>	<u>132,890</u>
Total net assets	<u>\$ 4,708,834</u>	<u>\$ 6,072,566</u>	<u>\$ 10,781,400</u>	<u>\$ 767,471</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, 2010**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 448,277	\$ 4,895	\$ 235,074	\$ -
Public safety	1,358,663	12,272	58,916	-
Transportation	495,991	-	45,654	-
Parks and recreation	21,638	-	-	-
Interest on long-term debt	59,007	-	-	-
Total governmental activities	<u>2,383,576</u>	<u>17,167</u>	<u>339,644</u>	<u>-</u>
Business-Type Activities:				
Sewer	616,386	705,981	-	-
Festival Grounds	149,730	89,983	-	-
Total business-type activities	<u>766,116</u>	<u>795,964</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 3,149,692</u>	<u>\$ 813,131</u>	<u>\$ 339,644</u>	<u>\$ -</u>
Component Unit:				
ABC Board	<u>\$ 459,765</u>	<u>\$ 421,402</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes:

- Property taxes
- Local option sales tax
- Licenses
- Franchise tax
- Disposal Tax
- Unrestricted intergovernmental revenues
- Unrestricted investment earnings

Transfers

Total general revenues and transfers

Change in net assets

Net Assets:

Beginning of year - July 1

End of year - June 30

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

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Town of Maggie Valley ABC Board
\$ (208,308)	\$ -	\$ (208,308)	
(1,287,475)	-	(1,287,475)	
(450,337)	-	(450,337)	
(21,638)	-	(21,638)	
(59,007)	-	(59,007)	
<u>(2,026,765)</u>	<u>-</u>	<u>(2,026,765)</u>	
-	89,595	89,595	
-	(59,747)	(59,747)	
-	<u>29,848</u>	<u>29,848</u>	
<u>(2,026,765)</u>	<u>29,848</u>	<u>(1,996,917)</u>	
			<u>\$ (38,363)</u>
1,765,479	-	1,765,479	-
323,386	-	323,386	-
15,158	-	15,158	-
176,205	-	-	-
1,115	-	-	-
3,296	-	3,296	-
14,417	<u>18,185</u>	<u>32,602</u>	<u>7</u>
<u>(247,396)</u>	<u>247,396</u>	<u>-</u>	<u>-</u>
<u>2,051,660</u>	<u>265,581</u>	<u>2,139,921</u>	<u>7</u>
24,895	295,429	320,324	(38,356)
<u>4,683,939</u>	<u>5,777,137</u>	<u>10,461,076</u>	<u>805,827</u>
<u>\$ 4,708,834</u>	<u>\$ 6,072,566</u>	<u>\$ 10,781,400</u>	<u>\$ 767,471</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
 JUNE 30, 2010

	Major Funds		Nonmajor Funds	Total
	General Fund	General Capital Project Fund		
Assets:				
Cash and cash equivalents	\$ 1,275,824	\$ -	\$ -	\$ 1,275,824
Investments	461,506	-	-	461,506
Receivables, net:				
Taxes	162,584	-	-	162,584
Governmental	43,621	146,992	-	190,613
Due from other funds	9,603	-	-	9,603
Prepays	5,813	-	-	5,813
Total assets	\$ 1,958,951	\$ 146,992	\$ -	\$ 2,105,943
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 44,859	\$ 120,177	\$ -	\$ 165,036
Due to other funds	-	3,990	-	3,990
Deferred revenue	176,845	-	-	176,845
Total liabilities	221,704	124,167	-	345,871
Fund Balances:				
Reserved for:				
Prepays	5,813	-	-	5,813
State statute	53,227	-	-	53,227
Streets - Powell Bill	149,392	-	-	149,392
Unreserved:				
Undesignated	1,521,858	22,825	-	1,544,683
Designated for capital improvements	6,957	-	-	6,957
Total fund balances	1,737,247	22,825	-	1,760,072
Total liabilities and fund balances	\$ 1,958,951	\$ 146,992	\$ -	2,105,943

Amounts reported for governmental activities in the Statement of Net Assets (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.	4,593,501
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(1,452,675)
Pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(298,266)
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(56,379)
Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be received within 90 days of year-end. These receivables are a component of net assets in the Statement of Net Assets.	162,581
Net assets of governmental activities per Exhibit A <i>The accompanying notes are an integral part of the financial statements.</i>	\$ 4,708,834

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Major Funds	Nonmajor Funds	Total
	General Fund	General Capital Project Fund	
Revenues:			
Ad valorem taxes	\$ 1,709,773	\$ -	\$ 1,709,773
Other taxes and licenses	515,864	-	515,864
Unrestricted intergovernmental revenues	3,296	-	3,296
Restricted intergovernmental revenues	104,570	213,452	318,022
Permits and fees	12,271	-	12,271
Sales and services	4,895	-	4,895
Interest earned on investments	14,417	-	14,417
Miscellaneous	21,622	-	21,622
Total revenues	2,386,708	213,452	2,600,160
Expenditures:			
Current:			
General government	395,923	215,627	611,550
Public safety	1,051,986	-	1,051,986
Transportation	525,324	-	525,324
Parks and recreation	17,491	-	17,491
Debt service:			
Principal	177,065	-	177,065
Interest	59,007	-	59,007
Total expenditures	2,226,796	215,627	2,442,423
Revenues over (under) expenditures	159,912	(2,175)	157,737
Other Financing Sources (Uses):			
Debt issued	98,210	-	98,210
Transfers from other funds	94,820	25,000	119,820
Transfers to other funds	(367,216)	-	(367,216)
Total other financing sources (uses)	(174,186)	25,000	(149,186)
Change in fund balances	(14,274)	22,825	8,551
Fund Balances:			
Beginning of year - July 1	1,751,521	-	1,751,521
End of year - June 30	\$ 1,737,247	\$ 22,825	\$ 1,760,072

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 BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 8,551
<p>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:</p>	
Property taxes	55,706
In the Statement of Activities, only the gain or loss on disposal of capital assets is reported, whereas, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets disposed of.	(7,894)
Expenses related to compensated absences and Law Enforcement Officers' Separation Allowance that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(307,427)
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.	403,718
The issuance of long-term debt is reported as revenue in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.	(98,210)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(206,614)
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>177,065</u>
Change in net assets of governmental activities per Exhibit B	<u>\$ 24,895</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, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 1,647,950	\$ 1,657,545	\$ 1,709,773	\$ 52,228
Other taxes and licenses	436,986	436,986	515,864	78,878
Unrestricted intergovernmental	5,576	5,576	3,296	(2,280)
Restricted intergovernmental	426,728	186,191	104,570	(81,621)
Permits and fees	40,750	40,750	12,271	(28,479)
Sales and services	5,400	5,400	4,895	(505)
Interest earned on investments	23,000	23,000	14,417	(8,583)
Miscellaneous	15,500	20,534	21,622	1,088
Total revenues	<u>2,601,890</u>	<u>2,375,982</u>	<u>2,386,708</u>	<u>10,726</u>
Expenditures:				
Current:				
General government	407,179	423,639	395,923	27,716
Public safety	1,021,798	1,097,401	1,051,986	45,415
Transportation	572,934	621,170	525,324	95,846
Parks and recreation	366,536	62,105	17,491	44,614
Debt service:				
Principal	156,577	177,069	177,065	4
Interest	56,806	59,009	59,007	2
Contingency	10,974	4,674	-	4,674
Total expenditures	<u>2,592,804</u>	<u>2,445,067</u>	<u>2,226,796</u>	<u>213,597</u>
Revenues over (under) expenditures	<u>9,086</u>	<u>(69,085)</u>	<u>159,912</u>	<u>228,997</u>
Other Financing Sources (Uses):				
Capital lease obligations issued	-	98,210	98,210	-
Appropriated fund balance	-	243,271	-	(243,271)
Transfers (to) from other funds:				
Sewer Fund	94,820	94,820	94,820	-
Festival Grounds Fund	(103,906)	(342,216)	(342,216)	-
Capital project funds	-	(25,000)	(25,000)	-
Total other financing sources (uses)	<u>(9,086)</u>	<u>69,085</u>	<u>(174,186)</u>	<u>(243,271)</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(14,274)</u>	<u>\$ (14,274)</u>
Fund Balance:				
Beginning of year - July 1			<u>1,751,521</u>	
End of year - June 30			<u>\$ 1,737,247</u>	

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	<u>Major Funds</u>		<u>Total</u>
	<u>Sewer Fund</u>	<u>Festival Grounds Fund</u>	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,335,653	\$ -	\$ 1,335,653
Investments	178,288	-	178,288
Accounts receivable, net	99,643	14,527	114,170
Prepaid	1,483	27,616	29,099
Total current assets	<u>1,615,067</u>	<u>42,143</u>	<u>1,657,210</u>
Non-current assets:			
Land and other non-depreciable assets	3,357,292	472,812	3,830,104
Other capital assets, net of depreciation	3,401,614	329,954	3,731,568
Total capital assets, net	<u>6,758,906</u>	<u>802,766</u>	<u>7,561,672</u>
Total assets	<u>8,373,973</u>	<u>844,909</u>	<u>9,218,882</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	41,881	4,440	46,321
Deferred revenue	-	1,925	1,925
Security deposit	-	1,886	1,886
Current portion of notes payable	171,145	-	171,145
Current portion of installment purchase contracts	-	65,973	65,973
Current portion of compensated absences payable	9,334	32	9,366
Total current liabilities	<u>222,360</u>	<u>74,256</u>	<u>296,616</u>
Non-current liabilities:			
Due to other funds	-	5,614	5,614
Notes payable	2,715,515	-	2,715,515
Installment purchase contracts payable	-	115,046	115,046
Compensated absences payable	13,525	-	13,525
Total non-current liabilities	<u>2,729,040</u>	<u>120,660</u>	<u>2,849,700</u>
Total liabilities	<u>2,951,400</u>	<u>194,916</u>	<u>3,146,316</u>
Net Assets:			
Invested in capital assets, net of related debt	3,872,246	621,747	4,493,993
Unrestricted	1,550,327	28,246	1,578,573
Total net assets	<u>\$ 5,422,573</u>	<u>\$ 649,993</u>	<u>\$ 6,072,566</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 ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Major Funds</u>		<u>Total</u>
	<u>Sewer Fund</u>	<u>Festival Grounds Fund</u>	
Operating Revenues:			
Charges for services	\$ 645,827	\$ 30,382	\$ 676,209
Operating Expenses:			
Administration	156,973	23,131	180,104
Festival ground maintenance	-	79,504	79,504
Waste collection and treatment	279,800	-	279,800
Depreciation	111,326	38,392	149,718
Total operating expenses	<u>548,099</u>	<u>141,027</u>	<u>689,126</u>
Operating income (loss)	<u>97,728</u>	<u>(110,645)</u>	<u>(12,917)</u>
Non-Operating Revenues (Expenses):			
Interest earned on investments	18,185	-	18,185
Occupancy tax	-	53,829	53,829
Rural Center Grant	16,387	-	16,387
Miscellaneous	43,767	5,772	49,539
Interest expense	(68,287)	(8,703)	(76,990)
Total non-operating revenues (expenses)	<u>10,052</u>	<u>50,898</u>	<u>60,950</u>
Income before transfers	<u>107,780</u>	<u>(59,747)</u>	<u>48,033</u>
Transfers (to) other funds	(94,820)	-	(94,820)
Transfers from other funds	<u>-</u>	<u>342,216</u>	<u>342,216</u>
Change in net assets	12,960	282,469	295,429
Net Assets:			
Beginning of year - July 1	<u>5,409,613</u>	<u>367,524</u>	<u>5,777,137</u>
End of year - June 30	<u>\$ 5,422,573</u>	<u>\$ 649,993</u>	<u>\$ 6,072,566</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, 2010

	Major Funds		
	Sewer Fund	Festival Grounds Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ 641,911	\$ 18,869	\$ 660,780
Cash paid for goods and services	(412,417)	(67,086)	(479,503)
Cash paid to employees for services	(155,076)	-	(155,076)
Net cash provided (used) by operating activities	<u>74,418</u>	<u>(48,217)</u>	<u>26,201</u>
Cash Flows from Non-Capital Financing Activities:			
Repayments among funds	-	(232,696)	(232,696)
Transfers (to) from General Fund	(94,820)	342,216	247,396
Net cash provided (used) by non-capital financing activities	<u>(94,820)</u>	<u>109,520</u>	<u>14,700</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(130,859)	-	(130,859)
Proceeds from debt	318,004	-	318,004
Principal paid on installment purchase contracts	(171,145)	(63,423)	(234,568)
Interest paid on debt	(68,287)	(8,703)	(76,990)
Net cash provided (used) for capital and related financing activities	<u>(52,287)</u>	<u>(72,126)</u>	<u>(124,413)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>18,185</u>	<u>-</u>	<u>18,185</u>
Net increase (decrease) in cash and cash equivalents	<u>(54,504)</u>	<u>(10,823)</u>	<u>(65,327)</u>
Cash and cash equivalents - July 1	<u>1,568,445</u>	<u>10,823</u>	<u>1,579,268</u>
Cash and cash equivalents - June 30	<u>\$ 1,513,941</u>	<u>\$ -</u>	<u>\$ 1,513,941</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:			
Operating income	\$ 97,728	\$ (110,645)	\$ (12,917)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	111,326	38,392	149,718
Other revenue and expenditures	60,154	59,601	119,755
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(3,916)	(12,357)	(16,273)
(Increase) decrease in deposits	-	4,276	4,276
(Increase) decrease in prepaid items	(1,307)	(27,583)	(28,890)
Increase (decrease) in trade accounts payable and accrued liabilities	(189,567)	(712)	(190,279)
Increase (decrease) in deferred revenue	-	1,925	1,925
Increase in customer deposits	-	(1,114)	(1,114)
Net cash provided (used) by operating activities	<u>\$ 74,418</u>	<u>\$ (48,217)</u>	<u>\$ 26,201</u>

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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 Assets 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. 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, 2010

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. This year, the Town did not have any 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.

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. The Waste Water Treatment Plant Capital Project Fund and the Enterprise Fund Capital Projects Fund are consolidated with the Sewer Fund (the operating fund) for financial reporting purposes.

Festival Grounds Fund. This Fund is used to account for the activities associated with the operations of the Town's festival grounds.

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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 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.

Proprietary funds distinguish operating revenues and expense 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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Haywood County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the Town of Maggie Valley. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the Town's vehicle taxes for vehicles registered in

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Haywood County from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues.

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. Intergovernmental revenues and sales and services are not susceptible to accrual, because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned 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 assets 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.

As permitted by accounting principles generally accepted in the United States of America, the Town had elected to apply only applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued before November 30, 1989, that do not contradict Governmental Accounting Standards Board (GASB) pronouncements in its accounting and reporting practices for its proprietary operations.

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. Project ordinances are adopted for the Capital Projects Fund and the Enterprise Fund Capital Projects Fund which are consolidated with the operating funds for recording purposes. 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 the total project level for each project authorization. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$1,000. All amendments to the original budget totaling \$68,678, \$81,037, and \$13,048 were necessary to increase the General Fund, Sewer Fund, and Festival Fund, respectively. 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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

F. Assets, Liabilities, and Net Assets/Fund Balances

Deposits and Investments

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

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

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.

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, 2007. 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, 2010

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 are recorded at estimated fair market value at the date of donation. 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>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>Estimated Useful Life</u>
Store building	30 years
Building improvements	5-10 years
Office and store equipment	5-10 years

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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.

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 Assets/Fund Balances

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

In the governmental fund financial statements, reservations of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance or fund equity for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved

Reserved for Prepaids – portion of fund balance not available for appropriation because it represents the balance in prepaids.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Reserved by State Statute – portion of fund balance not available for appropriation after remaining reserves not available for appropriation under State law [G.S, 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that have not been offset by deferred revenues.

Reserved for Streets – Powell Bill – portion of fund balance available for appropriation but legally segregated for street construction and maintenance. It represents the balance of the total unexpended Powell Bill funds.

Unreserved

Designated for Capital Improvements – portion of total fund balance available for appropriation that has been designated for capital improvements.

Undesignated – portion of total fund balance available for appropriation that is uncommitted at year-end.

2. Detail Notes on All Funds

A. Assets

Deposits

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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

At June 30, 2010, the Town's deposits had a carrying amount of \$2,611,312 and a bank balance of \$2,650,389. Of the bank balance, \$1,511,487 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 \$165 at June 30, 2010.

The ABC Board's deposits had a carrying value of \$110,260 and a bank balance of \$122,755 at June 30, 2010. Of the ABC Board's bank balance, \$122,755 was covered by federal depository insurance.

Investments

At June 30, 2010, the Town had \$639,794 invested with North Carolina Capital Management Trust's Cash 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>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Non-Depreciable Capital Assets:				
Land	\$ 1,543,157	\$ 3,000	\$ -	\$ 1,546,157
Construction in progress	<u>17,240</u>	<u>227,425</u>	<u>(17,240)</u>	<u>227,425</u>
Total non-depreciable capital assets	<u>1,560,397</u>	<u>230,425</u>	<u>(17,240)</u>	<u>1,773,582</u>
Depreciable Capital Assets:				
Buildings	2,293,261	-	-	2,293,261
Machinery and equipment	427,407	41,410	(19,665)	449,152
Vehicles	428,835	88,674	(24,925)	492,584
Infrastructure	<u>638,534</u>	<u>60,450</u>	<u>-</u>	<u>698,984</u>
Total depreciable capital assets	<u>3,788,037</u>	<u>190,534</u>	<u>(44,590)</u>	<u>3,933,981</u>
Less Accumulated Depreciation:				
Buildings	241,506	64,564	-	306,070
Machinery and equipment	193,555	43,322	(11,771)	225,106
Vehicles	227,617	74,728	(24,925)	277,420
Infrastructure	<u>281,465</u>	<u>24,001</u>	<u>-</u>	<u>305,466</u>
Total accumulated depreciation	<u>944,143</u>	<u>\$ 206,615</u>	<u>\$ (36,696)</u>	<u>1,114,062</u>
Governmental activities capital assets, net	<u>\$ 4,404,291</u>			<u>\$ 4,593,501</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Business-Type Activities:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>
Sewer Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 125,250	\$ -	\$ -	\$ 125,250
Construction in progress	<u>3,101,183</u>	<u>130,859</u>	<u>-</u>	<u>3,232,042</u>
Total non-depreciable capital assets	<u>3,226,433</u>	<u>130,859</u>	<u>-</u>	<u>3,357,292</u>
Depreciable Capital Assets:				
Building and systems	4,844,927	-	-	4,844,927
Machinery and equipment	119,331	-	-	119,331
Vehicles	<u>60,689</u>	<u>-</u>	<u>-</u>	<u>60,689</u>
Total depreciable capital assets	<u>5,024,947</u>	<u>-</u>	<u>-</u>	<u>5,024,947</u>
Less Accumulated Depreciation:				
Buildings and systems	1,404,202	99,397	-	1,503,599
Machinery and equipment	56,384	9,402	-	65,786
Vehicles	<u>51,421</u>	<u>2,527</u>	<u>-</u>	<u>53,948</u>
Total accumulated depreciation	<u>1,512,007</u>	<u>\$ 111,326</u>	<u>\$ -</u>	<u>1,623,333</u>
Sewer Fund capital assets, net	<u>\$ 6,739,373</u>			<u>\$ 6,758,906</u>
 Festival Grounds Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 472,812	\$ -	\$ -	\$ 472,812
Depreciable Capital Assets:				
Buildings and system	175,327	-	-	175,327
Improvements other than buildings	237,333	-	-	237,333
Machinery and equipment	<u>73,752</u>	<u>-</u>	<u>-</u>	<u>73,752</u>
Total depreciable capital assets	<u>486,412</u>	<u>-</u>	<u>-</u>	<u>486,412</u>
Less Accumulated Depreciation:				
Buildings and system	52,080	15,271	-	67,351
Improvements other than buildings	37,067	17,385	-	54,452
Machinery and equipment	<u>28,919</u>	<u>5,736</u>	<u>-</u>	<u>34,655</u>
Total accumulated depreciation	<u>118,066</u>	<u>\$ 38,392</u>	<u>\$ -</u>	<u>156,458</u>
Festival Grounds Fund capital assets, net	<u>\$ 841,158</u>			<u>\$ 802,766</u>
 Business-type activities capital assets, net	 <u>\$ 7,580,531</u>			 <u>\$ 7,561,672</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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

Governmental Activities:

General government	\$	32,855
Public safety		84,475
Building inspection and planning		2,915
Transportation		85,137
Parks and recreation		1,233
Total	\$	<u>206,615</u>

Business-Type Activities:

Sewer Fund	\$	111,326
Festival Grounds Fund		38,392
Total depreciation expense	\$	<u>149,718</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:

	<u>Estimated Useful Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Amount</u>
Land		\$ 484,150	\$ -	\$ 484,150
Land improvements	15 years	37,211	6,529	30,682
Store building	30 years	681,042	115,000	566,042
Building improvements	10 years	143,879	30,918	112,961
Office and store equipment	5-10 years	150,290	80,965	69,325
Total		<u>\$ 1,496,572</u>	<u>\$ 233,412</u>	<u>\$ 1,263,160</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Receivables

Receivables at the government-wide level at June 30, 2010 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due From Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 2,092	\$ 197,584	\$ -	\$ 199,676
Other governmental	<u>145,782</u>	<u>-</u>	<u>42,739</u>	<u>188,521</u>
Total receivables	147,874	197,584	42,739	388,197
Allowance for doubtful accounts	<u>-</u>	<u>(35,000)</u>	<u>-</u>	<u>(35,000)</u>
 Total governmental activities	 <u>\$ 147,874</u>	 <u>\$ 162,584</u>	 <u>\$ 42,739</u>	 <u>\$ 353,197</u>
 Business-Type Activities:				
Sewer Fund	\$ 101,107	\$ -	\$ 3,355	\$ 104,462
Festival Grounds Fund	<u>13,834</u>	<u>-</u>	<u>693</u>	<u>14,527</u>
Total receivables	114,941	-	4,048	118,989
Allowance for doubtful accounts	<u>(4,819)</u>	<u>-</u>	<u>-</u>	<u>(4,819)</u>
 Total business-type activities	 <u>\$ 110,122</u>	 <u>\$ -</u>	 <u>\$ 4,048</u>	 <u>\$ 114,170</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Amounts due from governmental agencies consist of the following:

	County	State	Total
Governmental Funds:			
General Fund:			
Property taxes	\$ 6,342	\$ -	\$ 6,342
Sales and use tax distribution	-	24,515	24,515
Sales tax refund	3,959	7,923	11,882
Total General Fund	10,301	32,438	42,739
Total governmental funds	\$ 10,301	\$ 32,438	\$ 42,739
Business-Type Funds:			
Sewer Fund:			
Sales tax refund	\$ 724	\$ 2,631	\$ 3,355
Festival Grounds Fund:			
Sales tax refund	218	475	693
Total business-type funds	\$ 942	\$ 3,106	\$ 4,048

B. Liabilities

Accounts payable and accrued liabilities are composed of the following amounts at June 30, 2010:

	Vendors	Salaries and Benefits	Total
Governmental activities	\$ 139,046	\$ 25,990	\$ 165,036
Business-type activities	\$ 41,552	\$ 4,769	\$ 46,321

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Local Governmental Employees' Retirement System

Plan Description. The Town contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The Town and the ABC Board are required to contribute at an actuarially determined rate. For the Town, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.98% and 7.04%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 10.04% of annual covered payroll. The contribution requirements of Plan members, of the Town, and of the ABC Board are established and may be amended by the North Carolina General Assembly. The Town's contributions to LGERS for the years ended June 30, 2008, 2009 and 2010 were \$55,287, \$61,767, and \$57,962, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2008, 2009, and 2010 were \$13,326, \$10,598, and \$9555, respectively. The contributions made by the Town and the ABC Board equaled the required contributions for each year.

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. The Separation Allowance is equal to .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 142 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Plan benefits are funded on a pay-as-you-go basis. Any plan contributions that exceed plan benefits by immaterial amounts are accounted for in the General Fund which is maintained on the modified accrual basis of accounting, no funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. The plan does not issue separate, audited GAAP-based financial statements.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>10</u>
Total	<u><u>12</u></u>

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.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2009, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level percent of pay on a closed basis. The remaining amortization period at December 31, 2009, was 21 years.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Annual Pension Cost and Net Pension Obligation. The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$	25,204
Interest on net pension obligation		20,502
Adjustment to annual required contribution		(17,813)
Annual pension cost		27,893
Contributions made		12,409
Increase (decrease) in net pension obligation		15,484
Net pension obligation:		
Beginning of year - July 1		282,782
End of year - June 30	\$	298,266

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation End of Year
6/30/2008	\$ 27,982	44.35%	\$ 266,954
6/30/2009	28,237	43.95%	282,782
6/30/2010	27,893	44.49%	298,266

Funded Status and Funding Progress. As of December 31, 2009 the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$270,482. The covered payroll (annual payroll of active employees covered by the plan) was \$365,049, and the ratio of the UAAL to the covered payroll was 74.09 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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, 2010 were \$36,916, which consisted of \$17,625 from the Town and \$19,291 from the law enforcement officers.

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, 2010 were \$27,679, which consisted of \$13,147 from the Town and \$14,532 from the non-law enforcement employees.

Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Trust Plan for Members of the Local Governmental Employees' Retirement System (Death Trust 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

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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. All death benefit payments are made from the Death Trust Plan. The Town has no liability beyond the payment of monthly contributions. 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.

Because the benefit payments are made by the Death Trust Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2010, the Town made contributions to the State for death benefits of \$540. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0% and .14.0% of covered payroll, respectively. The contributions to the Death Trust Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

Deferred/Unearned Revenue

The balance in deferred revenues on the fund financial statements and unearned revenues on the government-wide statements at year-end is comprised of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
General Fund:		
Taxes receivable, net	\$ 162,581	\$ -
Taxes collected in advance	<u>14,264</u>	<u>14,264</u>
Total	<u>\$ 176,845</u>	<u>\$ 14,264</u>
Festival Grounds Fund:		
Sponsorships collected in advance	<u>\$ 1,925</u>	<u>\$ 1,925</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Long-Term Obligations

Installment Purchase Contracts

Serviced by Governmental Funds:

3.76% note, payable in annual installments of \$15,948 including interest, with a final payment due in fiscal year 2010, secured by police vehicles	\$ 7,929
3.93% note, payable in annual installments of \$15,972 including interest, with a final payment due in fiscal year 2016, secured by property	96,113
3.98% note, payable in annual installments of \$6,165 including interest, with a final payment due in fiscal year 2011, secured by a vehicle	3,553
4.03% note, payable in annual installments of approximately \$85,700 including interest, adjusting annually, with a final payment due in fiscal year 2027, secured by a police station	807,500
2.97% note, payable in annual installments of \$13,476 including interest, with a final payment due in fiscal year 2011, secured by a vehicle	5,693
3.61% note, payable in annual installments of \$9,710 including interest, with a final payment due in fiscal year 2012, secured by vehicles	18,584
3.12% note, payable in annual installments of approximately \$53,600, including interest, adjusting annually with a final payment due in fiscal year 2012, secured by a vehicle	15,750
3.58% note, payable in annual installment of \$52,130 including interest, with a final payment due in fiscal year 2018, secured by Town Hall renovations	316,000
3.54% note, payable in annual installments of \$18,555 including interest, with a final payment due in fiscal year 2016, secured by a street sweeper	98,744
3.61% note, payable in annual installments of \$26,404 including interest, with a final payment due in fiscal year 2014, secured by vehicles	<u>82,809</u>
Total installment contracts	<u>\$ 1,452,675</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

The future minimum payments of the governmental activities long-term debt installment purchase contracts as of June 30, 2010 are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 177,562	\$ 54,844	\$ 232,406
2012	151,910	48,637	200,547
2013	141,903	43,227	185,130
2014	126,142	38,057	164,199
2015	118,536	33,533	152,069
2016-2020	736,622	91,307	827,929
Total	\$ 1,452,675	\$ 309,605	\$ 1,762,280

Serviced by Solid Waste Fund:

2.10% note, payable in annual principal installments of approximately \$207,972, adjusting annually with a final payment due in 2028, secured by a waste water treatment plant. Subsequent to year-end, there were no new drawn downs on the loan.

\$ 2,886,662

The future minimum payments of the Solid Waste Fund long-term debt notes payable as of June 30, 2010 are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 171,145	\$ 64,693	\$ 235,838
2012	171,145	61,099	232,244
2013	171,145	57,505	228,650
2014	171,145	53,911	225,056
2015	171,145	50,316	221,461
2016-2020	855,727	197,673	1,053,400
2021-2025	855,727	107,821	963,548
2026-2028	319,483	21,564	341,047
Total	\$ 2,886,662	\$ 614,582	\$ 3,501,244

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

Serviced by Festival Grounds Fund:

4.09% note, payable in annual principal installments of \$52,130 including interest, with a final payment due 2012, secured by property	\$ 107,765
3.61% note, payable in annual principal installments of \$19,995 including interest, with a final payment due 2014, secured by Festival Grounds lighting	<u>73,253</u>
Total notes payable	<u>\$ 181,018</u>

The future minimum payments of the Festival Grounds Fund long-term debt notes payable as of June 30, 2010 are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 65,973	\$ 6,153	\$ 72,126
2012	68,624	3,501	72,125
2013	27,270	1,414	28,684
2014	<u>19,151</u>	<u>697</u>	<u>19,848</u>
Total	<u>\$ 181,018</u>	<u>\$ 11,765</u>	<u>\$ 192,783</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:

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010	Current Portion
Installment purchase contracts	\$ 1,531,530	\$ 98,210	\$ 177,065	\$ 1,452,675	\$ 177,562
Police separation allowance	-	298,266	-	298,266	-
Compensated absences	<u>47,218</u>	<u>38,824</u>	<u>29,663</u>	<u>56,379</u>	<u>20,778</u>
Total	<u>\$ 1,578,748</u>	<u>\$ 435,300</u>	<u>\$ 206,728</u>	<u>\$ 1,807,320</u>	<u>\$ 198,340</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

The General Fund provides the resources for the retirement of compensated absences payable and the net pension obligation. The Town’s legal debt limit is 8.0% of the Town’s assessed value of taxable property. The City’s legal debt limit as of June 30, 2010 amounts to approximately \$32,481,736.

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

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Current</u> <u>Portion</u>
Installment purchase contracts	\$ 2,984,242	\$ 318,004	\$ 234,566	\$ 3,067,680	\$ 237,118
Compensated absences	<u>20,962</u>	<u>12,255</u>	<u>10,326</u>	<u>22,891</u>	<u>9,366</u>
Total	<u>\$ 3,005,204</u>	<u>\$ 330,259</u>	<u>\$ 244,892</u>	<u>\$ 3,090,571</u>	<u>\$ 246,484</u>

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three 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 \$2 million per occurrence, property coverage up to the total insurance values of the property policy, workers’ compensation coverage up to statutory limits, and employee health coverage up to a \$1 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property in excess of \$500,000 and \$300,000 up to statutory limits for workers’ compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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 property, general 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.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

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 \$20,000, 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, 2010, consist of the following:

	<u>Transfers</u>	
	<u>From</u>	<u>To</u>
Transfers From/To Other Funds:		
General Fund:		
Festival Grounds Fund	\$ -	\$ 342,216
Sewer Fund	94,820	-
General Capital Project Fund	-	25,000
Sewer Fund:		
General Fund	-	94,820
Enterprise Fund Capital Project Fund	-	49,650
Festival Grounds Fund:		
General Fund	342,216	-
General Capital Project Fund:		
General Fund	25,000	-
Enterprise Fund Capital Project Fund:		
Sewer Fund	<u>49,650</u>	<u>-</u>
Total	<u>\$ 511,686</u>	<u>\$ 511,686</u>

Transfers between the major funds, other nonmajor governmental funds, and enterprise funds were primarily to support the capital projects and operations of the funds.

The following is a summary of interfund and intrafund receivables and payables as of June 30, 2010:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Festival Grounds Fund	\$ 5,613	Cash overdraft

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

3. Federal and State Assisted Programs

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

4. Financial Commitment

On August 21, 2008, the Town entered into an agreement with Haywood County to assist the County with the purchase of property. Haywood County will pay a total of \$1,123,000 for the property. The Town will pay approximately \$12,495 annually to the County for 15 years.

5. Subsequent Event

Subsequent to year-end, the Town settled a lawsuit for \$5,000.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.

Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010

SCHEDULE OF FUNDING PROGRESS:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a % of Covered Payroll (B-A)/C)</u>
12/31/2009	-	\$ 270,482	\$ 270,482	0%	\$ 365,049	74.09%

SCHEDULE OF EMPLOYER CONTRIBUTIONS:

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2010	25,204	0%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	Ranges from 4.5% to 12.3%
*Includes inflation at	3.75%
Cost-of-living adjustments	N/A

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.

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, 2010

	<u>2010</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Current year	\$ 1,627,950	\$ 1,645,121	\$ 17,171
Prior years	19,860	45,503	25,643
Penalty and interest	<u>9,735</u>	<u>19,149</u>	<u>9,414</u>
Total ad valorem taxes	<u>1,657,545</u>	<u>1,709,773</u>	<u>52,228</u>
Other Taxes and Licenses:			
Local option sales tax	259,381	323,386	64,005
Privilege licenses	15,500	14,633	(867)
Beer and wine licenses	525	525	-
Cable TV franchise tax	55,087	66,322	11,235
Solid waste disposal tax	907	1,115	208
Utility franchise tax	<u>105,586</u>	<u>109,883</u>	<u>4,297</u>
Total other taxes and licenses	<u>436,986</u>	<u>515,864</u>	<u>78,878</u>
Unrestricted Intergovernmental Revenues:			
Beer and wine tax	5,576	2,296	(3,280)
ABC profit distribution	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total restricted intergovernmental revenues	<u>5,576</u>	<u>3,296</u>	<u>(2,280)</u>
Restricted Intergovernmental Revenues:			
GHSP traffic officer	8,252	7,422	(830)
GHSP Equipment Grant	14,097	13,722	(375)
Safety Equipment Grant	4,780	4,780	-
Powell Bill	76,139	38,232	(37,907)
Drug recovery funds	-	741	741
Court/officer fees	1,350	821	(529)
Clean Water Trust Fund	50,000	-	(50,000)
Pigeon River Grant	10,000	10,000	-
NC Wellness Grant	500	500	-
Crime Control Grant	11,247	14,976	3,729
FEMA Grant	9,826	9,826	-
Firing range	<u>-</u>	<u>3,550</u>	<u>3,550</u>
Total restricted intergovernmental revenues	<u>186,191</u>	<u>104,570</u>	<u>(81,621)</u>

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, 2010

	2010		Variance Over/Under
	Budget	Actual	
Permits and Fees:			
Building permits	35,000	9,169	(25,831)
Zoning permits	5,000	2,375	(2,625)
Sign permits	750	727	(23)
Total permits and fees	<u>40,750</u>	<u>12,271</u>	<u>(28,479)</u>
Sales and Services:			
Rental fees	<u>5,400</u>	<u>4,895</u>	<u>(505)</u>
Investment Earnings	<u>23,000</u>	<u>14,417</u>	<u>(8,583)</u>
Miscellaneous:			
Other contributions and donations	4,034	5,134	1,100
Other miscellaneous	<u>16,500</u>	<u>16,488</u>	<u>(12)</u>
Total miscellaneous	<u>20,534</u>	<u>21,622</u>	<u>1,088</u>
Total revenues	<u>2,375,982</u>	<u>2,386,708</u>	<u>10,726</u>
Expenditures:			
General Government:			
Administration/Governing Board:			
Salaries and benefits	321,909	321,085	824
Operating	89,370	66,860	22,510
Capital outlay	<u>12,360</u>	<u>7,978</u>	<u>4,382</u>
Total general government	<u>423,639</u>	<u>395,923</u>	<u>27,716</u>
Public Safety:			
Police:			
Salaries and benefits	650,784	660,868	(10,084)
Operating	188,007	176,054	11,953
Capital outlay	<u>79,214</u>	<u>79,301</u>	<u>(87)</u>
Total police	<u>918,005</u>	<u>916,223</u>	<u>1,782</u>
Code Enforcement:			
Salaries and benefits	70,764	67,451	3,313
Operating	<u>23,370</u>	<u>21,957</u>	<u>1,413</u>
Total code enforcement	<u>94,134</u>	<u>89,408</u>	<u>4,726</u>

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, 2010

	2010		
	Budget	Actual	Variance Over/Under
Building Inspector:			
Salaries and benefits	77,822	43,038	34,784
Operating	7,440	3,317	4,123
Total building inspector	<u>85,262</u>	<u>46,355</u>	<u>38,907</u>
Total public safety	<u>1,097,401</u>	<u>1,051,986</u>	<u>45,415</u>
Transportation:			
Streets and Highways:			
Salaries and benefits	182,668	170,371	12,297
Operating expenses	265,084	243,286	21,798
Capital outlay	102,370	60,840	41,530
Total streets and highways	<u>550,122</u>	<u>474,497</u>	<u>75,625</u>
Powell Bill:			
Operating	41,014	31,907	9,107
Capital outlay	30,034	18,920	11,114
Total Powell Bill	<u>71,048</u>	<u>50,827</u>	<u>20,221</u>
Total transportation	<u>621,170</u>	<u>525,324</u>	<u>95,846</u>
Parks and Recreation:			
Operating expenses	-	4,996	(4,996)
Capital outlay	49,609	-	49,609
Total	<u>49,609</u>	<u>4,996</u>	<u>44,613</u>
Contribution to Haywood County	<u>12,496</u>	<u>12,495</u>	<u>1</u>
Total parks and recreation	<u>62,105</u>	<u>17,491</u>	<u>44,614</u>
Debt Service:			
Principal	177,069	177,065	4
Interest	59,009	59,007	2
Total debt service	<u>236,078</u>	<u>236,072</u>	<u>6</u>
Contingency	<u>4,674</u>	<u>-</u>	<u>4,674</u>
Total expenditures	<u>2,445,067</u>	<u>2,226,796</u>	<u>218,271</u>
Revenue over (under) expenditures	<u>(69,085)</u>	<u>159,912</u>	<u>228,997</u>

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, 2010

	<u>2010</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Appropriated fund balance	243,271	-	(243,271)
Debt proceeds	98,210	98,210	-
Transfers (to) from other funds:			
Sewer Fund	94,820	94,820	-
Festival Grounds Fund	(342,216)	(342,216)	-
Police Department Capital Project Fund	(25,000)	(25,000)	-
Total other financing sources (uses)	<u>69,085</u>	<u>(174,186)</u>	<u>(243,271)</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	(14,274)	<u>\$ (14,274)</u>
Fund Balance:			
Beginning of year - July 1		<u>1,751,521</u>	
End of year - June 30		<u>\$ 1,737,247</u>	

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**GENERAL CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2010**

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total	
Revenues:					
USDA/NRSC Grant: Rich Cove	\$ 1,133,955	\$ -	\$ 47,240	\$ 47,240	\$ 1,086,715
NC DOT: Rich Cove	284,500	-	-	-	284,500
NCDOT ARRA : Moody Farm Sidewalks	915,289	-	166,212	166,212	749,077
NCDOT ARRA : Moody Farm Bridge	687,970	-	-	-	687,970
Miscellaneous revenue	25,000	-	-	-	25,000
Total revenues	<u>3,046,714</u>	<u>-</u>	<u>213,452</u>	<u>213,452</u>	<u>2,833,262</u>
Expenditures:					
Rich Cove:					
Engineering	57,050	-	47,240	47,240	9,810
Construction	1,406,400	-	-	-	1,406,400
Contingency	5,005	-	-	-	5,005
Moody Farm Sidewalks:					
Construction	880,003	-	168,387	168,387	711,616
Contingency	35,286	-	-	-	35,286
Moody Farm Bridge:					
Construction	647,135	-	-	-	647,135
Contingency	40,835	-	-	-	40,835
Total expenditures	<u>3,071,714</u>	<u>-</u>	<u>215,627</u>	<u>215,627</u>	<u>2,856,087</u>
Revenues over (under) expenditures	(25,000)	-	(2,175)	(2,175)	(22,825)
Other Financing Sources (Uses):					
Transfers (to) from other funds	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,825</u>	<u>\$ 22,825</u>	<u>\$ (22,825)</u>

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 Funds:

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.

Enterprise Fund Capital Projects Fund – This fund is consolidated with the Sewer Fund (operating fund) for financial reporting purposes.

Waste Water Treatment Plant Capital Project Fund - This fund is consolidated with the Sewer Fund (the operating fund) for financial reporting purposes.

Festival Grounds Fund - This fund is used to account for the activities associated with the operations of the Town's festival grounds.

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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating Revenues:			
Charges for services:			
Sewer charges	\$ 600,000	\$ 612,278	\$ 12,278
Sewer tap fees	<u>90,000</u>	<u>33,549</u>	<u>(56,451)</u>
Total operating revenues	<u>690,000</u>	<u>645,827</u>	<u>(44,173)</u>
Non-operating Revenues:			
Interest on investments	25,000	18,185	(6,815)
Rural Center Grant	28,387	16,387	(12,000)
Miscellaneous	<u>123,084</u>	<u>43,767</u>	<u>(79,317)</u>
Total non-operating revenues	<u>176,471</u>	<u>78,339</u>	<u>(98,132)</u>
Total revenues	<u>866,471</u>	<u>724,166</u>	<u>(142,305)</u>
Expenditures:			
Administration:			
Salaries and benefits	<u>152,868</u>	<u>156,973</u>	<u>(4,105)</u>
Operations:			
Utilities	60,500	49,251	11,249
Maintenance and repairs	97,750	82,834	14,916
Contractual services	44,230	41,821	2,409
Professional	46,200	42,380	3,820
Supplies	19,700	20,961	(1,261)
Insurance	20,250	20,437	(187)
Miscellaneous	<u>41,070</u>	<u>22,116</u>	<u>18,954</u>
Total operating expenditures	<u>329,700</u>	<u>279,800</u>	<u>49,900</u>
Debt service:			
Principal repayment	171,146	171,146	-
Interest and fees	<u>68,287</u>	<u>68,287</u>	<u>-</u>
Total debt service	<u>239,433</u>	<u>239,433</u>	<u>-</u>
Total expenditures	<u>722,001</u>	<u>676,206</u>	<u>45,795</u>
Revenue over (under) expenditures	<u>144,470</u>	<u>47,960</u>	<u>(96,510)</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, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Intrafund transfer to Enterprise Fund Capital Project Fund	(49,650)	(49,650)	
Transfers to other funds	<u>(94,820)</u>	<u>(94,820)</u>	-
Total other financing sources (uses)	<u>(144,470)</u>	<u>(144,470)</u>	-
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	(96,510)	<u>\$ (96,510)</u>
Reconciliation from Modified Accrual Basis to Accrual Basis:			
Principal retirement		171,146	
Intrafund transfer to Enterprise Fund Capital Project Fund		49,650	
Depreciation		<u>(111,326)</u>	
Change in net assets, accrual basis		<u>\$ 12,960</u>	

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ENTERPRISE FUND

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Project Authorization	Actual		Total	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Rural Center Grant	\$ 55,650	\$ -	\$ -	\$ -	\$ (55,650)
Expenditures:					
Old Still Road:					
Engineering	6,600	-	6,225	6,225	(375)
Construction	70,300	-	-	-	(70,300)
Grant administration	4,000	-	-	-	(4,000)
Contingency	6,400	-	-	-	(6,400)
Waste Water Treatment Plant Planning:					
Engineering	18,000	-	4,050	4,050	(13,950)
Total expenditures	105,300	-	10,275	10,275	(95,025)
Revenues over (under) expenditures	(49,650)	-	(10,275)	(10,275)	39,375
Other Financing Sources (Uses):					
Transfer (to) from other funds	49,650	-	49,650	49,650	-
Revenue and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	\$ 39,375	\$ 39,375	\$ 39,375

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

WASTE WATER TREATMENT PLANT
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Project Authorization	Actual		Total	Variance Over/Under
		Prior Years	Current Year		
Expenditures:					
Design allowance	\$ 141,600	\$ 141,600	\$ -	\$ 141,600	\$ -
Construction	3,067,890	2,780,350	86,705	2,867,055	200,835
Technical service	141,300	112,117	28,979	141,096	204
Administrative	72,116	67,116	4,900	72,016	100
Total expenditures	<u>3,422,906</u>	<u>3,101,183</u>	<u>120,584</u>	<u>3,221,767</u>	<u>201,139</u>
Revenues over (under) expenditures	<u>(3,422,906)</u>	<u>(3,101,183)</u>	<u>(120,584)</u>	<u>(3,221,767)</u>	<u>(201,139)</u>
Other Financing Sources (Uses):					
Debt issued	<u>3,422,906</u>	<u>2,910,946</u>	<u>318,004</u>	<u>3,228,950</u>	<u>193,956</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (190,237)</u>	<u>\$ 197,420</u>	<u>\$ 7,183</u>	<u>\$ (7,183)</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**ENTERPRISE FUND - FESTIVAL GROUNDS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for sales and services:			
Rental fees	\$ 35,075	\$ 30,382	\$ (4,693)
Non-operating revenues:			
Occupancy tax	53,641	53,829	188
Miscellaneous	-	247	247
Private donations	6,325	5,525	(800)
Total non-operating revenues	<u>59,966</u>	<u>59,601</u>	<u>(365)</u>
Total revenues	<u>95,041</u>	<u>89,983</u>	<u>(5,058)</u>
Expenditures:			
Administration:			
Salaries and benefits	47,458	23,131	24,327
Total administration	<u>47,458</u>	<u>23,131</u>	<u>24,327</u>
Operations:			
Maintenance and repairs	5,700	7,800	(2,100)
Contractual services	13,900	14,135	(235)
Events	26,563	29,161	(2,598)
Insurance and bonding	7,000	4,095	2,905
Utilities	10,000	5,376	4,624
Supplies	2,950	2,311	639
Miscellaneous	13,248	16,626	(3,378)
Total operations	<u>79,361</u>	<u>79,504</u>	<u>(143)</u>
Debt service:			
Principal repayment	63,424	63,423	1
Interest	8,704	8,703	1
Total debt service	<u>72,128</u>	<u>72,126</u>	<u>2</u>
Other expenditures:			
Contingency	<u>238,310</u>	<u>-</u>	<u>238,310</u>
Total expenditures	<u>437,257</u>	<u>174,761</u>	<u>262,496</u>
Revenue over (under) expenditures	<u>(342,216)</u>	<u>(84,778)</u>	<u>257,438</u>

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

**ENTERPRISE FUND - FESTIVAL GROUNDS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers from other funds	342,216	342,216	-
Total other financing sources (uses)	<u>342,216</u>	<u>342,216</u>	<u>-</u>
Revenue and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	257,438	<u>\$ 257,438</u>
Reconciliation from Modified Accrual Basis to Accrual Basis:			
Principal retirement		63,423	
Depreciation		<u>(38,392)</u>	
Change in net assets, accrual basis		<u>\$ 282,469</u>	

OTHER SUPPLEMENTAL INFORMATION

This section contains additional information on capital assets, property taxes and interfund transfers.

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2010

Fiscal Year	Uncollected Balance July 1, 2009	Additions	Collections and Credits	Uncollected Balance June 30, 2010
2009-2010	\$ -	\$ 1,783,895	\$ 1,657,688	\$ 126,207
2008-2009	98,849	-	49,765	49,084
2006-2007	6,478	-	858	5,620
2005-2006	2,084	-	163	1,921
2004-2005	1,902	-	49	1,853
2003-2004	1,653	-	65	1,588
2002-2003	2,404	-	36	2,368
2001-2002	1,953	-	19	1,934
2000-2001	2,119	-	8	2,111
1999-2000	4,899	-	1	4,898
1998-1999	5,534	-	5,534	-
Total	\$ 127,875	\$ 1,783,895	\$ 1,714,186	197,584
Less allowance for uncollectible ad valorem taxes receivable:				(35,000)
Ad valorem taxes receivable, net				\$ 162,584
Reconciliation with Revenues:				
Taxes, ad valorem, General Fund				\$ 1,709,773
Reconciling items:				
Amounts written off per statute limitations				5,534
Interest				(16,294)
Releases, refunds, and other adjustments				15,173
Total collections and credits				\$ 1,714,186

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2010

			<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	\$ 422,282,958	\$ 0.42	\$ 1,773,589	\$ 1,729,006	\$ 44,583
Penalties	-		1,919	1,919	-
Discoveries					
Current year taxes	1,897,174	0.42	7,968	7,968	-
Penalties	-		419	419	-
Total property valuation	<u>\$ 424,180,132</u>				
Net levy			1,783,895	1,739,312	44,583
Uncollected taxes at June 30, 2010			<u>(126,207)</u>	<u>(120,735)</u>	<u>(5,472)</u>
Current year's taxes collected			<u>\$ 1,657,688</u>	<u>\$ 1,618,577</u>	<u>\$ 39,111</u>
Current levy collection percentage			<u>92.93%</u>	<u>93.06%</u>	<u>87.73%</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.

Town of Maggie Valley
Net Assets by Components
Last Seven Fiscal Years
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 2,192,691	\$ 2,257,761	\$ 2,287,443	\$ 2,726,061	\$ 2,466,455	\$ 2,872,761	\$ 3,140,826
Restricted	-	51,370	75,086	107,626	143,325	166,737	149,392
Unrestricted	<u>666,982</u>	<u>732,461</u>	<u>994,583</u>	<u>1,043,272</u>	<u>1,804,806</u>	<u>1,644,441</u>	<u>1,418,616</u>
Total governmental activities net assets	<u>\$ 2,859,673</u>	<u>\$ 3,041,592</u>	<u>\$ 3,357,112</u>	<u>\$ 3,876,959</u>	<u>\$ 4,414,586</u>	<u>\$ 4,683,939</u>	<u>\$ 4,708,834</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 4,008,528	\$ 4,103,431	\$ 4,117,742	\$ 4,312,396	\$ 4,490,088	\$ 4,596,289	\$ 4,493,992
Unrestricted	<u>692,489</u>	<u>827,016</u>	<u>1,008,826</u>	<u>1,286,447</u>	<u>1,229,683</u>	<u>1,180,848</u>	<u>1,578,574</u>
Total business-type activities net assets	<u>\$ 4,701,017</u>	<u>\$ 4,930,447</u>	<u>\$ 5,126,568</u>	<u>\$ 5,598,843</u>	<u>\$ 5,719,771</u>	<u>\$ 5,777,137</u>	<u>\$ 6,072,566</u>
Primary government							
Invested in capital assets, net of related debt	\$ 6,201,219	\$ 6,361,192	\$ 6,405,185	\$ 7,038,457	\$ 6,956,543	\$ 7,469,050	\$ 7,634,818
Restricted	-	51,370	75,086	107,626	143,325	166,737	149,392
Unrestricted	<u>1,359,471</u>	<u>1,559,477</u>	<u>2,003,409</u>	<u>2,329,719</u>	<u>3,034,489</u>	<u>2,825,289</u>	<u>2,997,190</u>
Total primary government net assets	<u>\$ 7,560,690</u>	<u>\$ 7,972,039</u>	<u>\$ 8,483,680</u>	<u>\$ 9,475,802</u>	<u>\$ 10,134,357</u>	<u>\$ 10,461,076</u>	<u>\$ 10,781,400</u>

Notes:

(1) Seven years presented due to implementation of GASB STATEMENT 34 in Fiscal Year 2004.

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

	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities:							
General government	\$ 326,455	\$ 407,060	\$ 325,319	\$ 333,472	\$ 1,251,813	\$ 105,104	\$ 448,277
Public safety	571,171	623,582	670,313	898,737	76,115	1,304,488	1,358,663
Transportation	260,394	240,068	228,781	277,387	536,909	491,234	495,991
Environmental Protection	52,437	56,779	55,837	62,561	-	-	-
Parks & Recreation	6,820	3,797	45,230	56,310	2,765	1,461	21,638
Interest on long-term debt	3,880	2,679	3,068	3,471	58,316	59,685	59,007
Total governmental activities expenses	<u>1,221,157</u>	<u>1,333,965</u>	<u>1,328,548</u>	<u>1,631,938</u>	<u>1,925,918</u>	<u>1,961,972</u>	<u>2,383,576</u>
Business-type activities:							
Sewer	443,827	484,857	500,762	508,914	475,581	561,557	616,386
Festival Grounds	42,377	52,539	48,645	79,422	97,092	100,344	149,730
Total business-type activities	<u>486,204</u>	<u>537,396</u>	<u>549,407</u>	<u>588,336</u>	<u>572,673</u>	<u>661,901</u>	<u>766,116</u>
Total primary governmental expenses	<u>\$ 1,707,361</u>	<u>\$ 1,871,361</u>	<u>\$ 1,877,955</u>	<u>\$ 2,220,274</u>	<u>\$ 2,498,591</u>	<u>\$ 2,623,873</u>	<u>\$ 3,149,692</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 2,625	\$ 3,080	\$ 3,565	\$ 21,461	\$ 40,697	\$ 27,770	\$ 4,895
Public Safety	44,739	67,512	112,200	105,324	47,313	44,883	12,272
Environmental Protection	56,126	79,666	72,574	2,507	-	-	-
Parks and Recreation	5,400	4,065	4,278	5,570	-	-	-
Operating grants and contributions	68,910	49,901	32,573	97,795	232,176	78,534	339,644
Capital grants and contributions	7,494	26,674	-	92,000	-	-	-
Total governmental activities program revenues	<u>185,294</u>	<u>230,898</u>	<u>225,190</u>	<u>324,657</u>	<u>320,186</u>	<u>151,187</u>	<u>356,811</u>
Business-type activities:							
Charges for services:							
Sewer	542,506	656,883	727,242	882,373	761,875	734,504	705,981
Festival Grounds	7,525	5,801	12,450	7,000	29,043	59,018	89,983
Operating grants and contributions	-	-	-	-	-	-	-
Capital grants and contributions	416,644	100,663	-	-	-	-	-
Total business-type activities program revenues	<u>966,675</u>	<u>763,347</u>	<u>739,692</u>	<u>889,373</u>	<u>790,918</u>	<u>793,522</u>	<u>795,964</u>
Total primary governmental program revenues	<u>\$ 1,151,969</u>	<u>\$ 994,245</u>	<u>\$ 964,882</u>	<u>\$ 1,214,030</u>	<u>\$ 1,111,104</u>	<u>\$ 944,709</u>	<u>\$ 1,152,775</u>
Net (expense)/revenue							
Governmental activities	\$ (1,035,863)	\$ (1,103,067)	\$ (1,103,358)	\$ (1,307,081)	\$ (1,598,987)	\$ (1,810,785)	\$ (1,728,499)
Business-type activities	480,471	225,951	190,285	301,037	218,245	131,621	29,848
Total primary governmental net expense	<u>\$ (555,392)</u>	<u>\$ (877,116)</u>	<u>\$ (913,073)</u>	<u>\$ (1,006,044)</u>	<u>\$ (1,380,742)</u>	<u>\$ (1,679,164)</u>	<u>\$ (1,698,651)</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 708,226	\$ 827,297	\$ 907,269	\$ 1,265,562	\$ 1,408,392	\$ 1,560,274	\$ 1,765,479
Local Option Sales Tax	136,241	222,737	253,866	276,564	282,986	331,387	323,386
License	4,464	15,464	14,663	14,614	16,339	15,920	15,158
Franchise	19,498	20,393	21,059	123,995	143,010	166,379	176,205
Disposal Tax	-	-	-	-	-	-	1,115
Grants and Contributions not restricted to specific programs	407,517	164,241	114,297	26,800	-	-	-
Unrestricted Intergovernmental revenues	-	-	-	-	13,717	7,154	3,296
Unrestricted Investment earnings	3,705	8,199	30,588	70,159	60,946	30,104	14,417
Miscellaneous	19,796	4,355	-	-	-	-	-
Transfers	140,271	22,300	77,136	49,234	151,635	105,500	(247,396)
Total governmental activities	<u>1,439,718</u>	<u>1,284,986</u>	<u>1,418,878</u>	<u>1,826,928</u>	<u>2,077,025</u>	<u>2,216,718</u>	<u>2,051,660</u>
Total business-type activities							
Unrestricted Investment earnings	5,436	14,247	34,835	57,272	54,318	31,245	18,185
Miscellaneous	8,673	11,532	48,137	163,200	-	-	-
Transfers	(140,271)	(22,300)	(77,136)	(49,234)	(151,635)	(105,500)	247,396
Total business-type activities	<u>(126,162)</u>	<u>3,479</u>	<u>5,836</u>	<u>171,238</u>	<u>(97,317)</u>	<u>(74,255)</u>	<u>265,581</u>
Total primary government	<u>\$ 1,313,556</u>	<u>\$ 1,288,465</u>	<u>\$ 1,424,714</u>	<u>\$ 1,998,166</u>	<u>\$ 1,979,708</u>	<u>\$ 2,142,463</u>	<u>\$ 2,317,241</u>
Change in Net Assets							
Governmental activities	403,855	181,919	315,520	519,847	478,038	405,933	24,895
Business-type activities	354,309	229,430	196,121	472,275	120,928	57,366	295,429
Total primary government	<u>\$ 758,164</u>	<u>\$ 411,349</u>	<u>\$ 511,641</u>	<u>\$ 992,122</u>	<u>\$ 598,966</u>	<u>\$ 463,299</u>	<u>\$ 320,324</u>

Notes:

(1) Seven years presented due to implementation of GASB STATEMENT 34 in Fiscal Year 2004.

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Disposal Tax</u>	<u>Intangibles Tax</u>	<u>Inventories Tax</u>	<u>Total</u>
2001	\$ 471,426	\$ 105,862	\$ 76,110	\$ 2,819	\$ -	\$ 10,329	\$ 5,368	\$ 671,914
2002	531,256	93,757	54,473	-	-	12,340	3,168	694,994
2003	607,921	105,990	86,952	2,642	-	-	-	803,505
2004	725,290	136,241	88,237	3,393	-	-	-	953,161
2005	840,507	222,737	92,237	4,980	-	-	-	1,160,461
2006	936,335	253,866	94,220	5,044	-	-	-	1,289,465
2007	1,272,441	276,564	118,588	5,414	-	-	-	1,673,007
2008	1,405,952	282,986	143,010	5,477	-	-	-	1,837,425
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

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	\$ 300,588	\$ 137,823	\$ 96,554	\$ 166,296	\$ 212,331	\$ 237,814	\$ 347,405	\$ 414,288	\$ 179,684	\$ 155,205
Unreserved	401,062	439,211	308,959	456,962	546,144	845,948	973,637	1,065,999	1,571,837	1,604,867
Total General Fund	<u>\$ 701,650</u>	<u>\$ 577,034</u>	<u>\$ 405,513</u>	<u>\$ 623,258</u>	<u>\$ 758,475</u>	<u>\$ 1,083,762</u>	<u>\$ 1,321,042</u>	<u>\$ 1,480,287</u>	<u>\$ 1,751,521</u>	<u>\$ 1,760,072</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	591,728	77,795	-	-
Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Designated for Subsequent yrs	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	-
Permanent funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 591,728</u>	<u>\$ 77,795</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues										
Ad Valorem Taxes	\$ 471,426	\$ 531,256	\$ 607,921	\$725,290	\$840,507	\$936,335	\$1,272,441	\$1,405,952	\$1,474,404	\$1,709,773
Other Tax and license	190,017	156,866	201,145	229,467	331,128	363,282	409,766	442,335	513,686	515,864
Unrestricted intergovernmental revenues	19,220	15,941	2,642	152,879	75,940	5,044	5,414	13,717	7,154	3,296
Restricted intergovernmental revenues	90,210	89,321	48,792	76,829	76,281	35,219	191,382	232,176	78,534	318,022
Permits & Fee's	320	3,580	53,703	102,651	149,707	187,372	128,325	47,313	44,882	12,271
Sales & Service	3,290	2,040	6,100	5,400	4,065	4,278	5,770	4,395	4,530	4,895
Investment earnings	14,788	6,790	7,410	4,119	9,044	32,150	53,169	60,946	30,104	14,417
Miscellaneous	46,201	61,925	51,390	161,658	11,936	34,758	23,970	50,158	23,239	21,622
Total revenues	<u>835,472</u>	<u>867,719</u>	<u>979,103</u>	<u>1,458,293</u>	<u>1,498,608</u>	<u>1,598,438</u>	<u>2,090,237</u>	<u>2,256,992</u>	<u>2,176,533</u>	<u>2,600,160</u>
Expenditures										
General government	258,252	341,824	246,071	310,253	397,499	307,977	316,652	1,203,497	64,234	398,366
Public safety	347,223	426,358	447,271	550,598	601,958	636,858	861,404	14,485	1,228,295	975,922
Transportation	200,226	198,003	391,254	283,428	262,196	281,622	339,948	471,108	415,290	410,854
Parks and recreation	27,542	41,150	792	5,588	2,565	3,006	1,350	1,532	229	17,491
Capital Outlay	-	-	-	240,858	111,156	157,333	717,477	1,396,240	288,380	403,718
Debt service										
Principal repayments	49,695	55,227	44,467	41,989	36,138	39,016	35,641	113,624	148,465	177,065
Interest	7,183	4,965	4,606	3,880	2,679	3,068	3,471	58,316	59,685	59,007
Total expenditures	<u>890,121</u>	<u>1,067,527</u>	<u>1,134,461</u>	<u>1,436,594</u>	<u>1,414,191</u>	<u>1,428,880</u>	<u>2,275,943</u>	<u>3,258,802</u>	<u>2,204,578</u>	<u>2,442,423</u>
Excess of revenues over (under) expenditures	<u>(54,649)</u>	<u>(199,808)</u>	<u>(155,358)</u>	<u>21,699</u>	<u>84,417</u>	<u>169,558</u>	<u>(185,706)</u>	<u>(1,001,810)</u>	<u>(28,045)</u>	<u>157,737</u>
Other financing sources (uses)										
Proceeds from installment purchase	41,000	50,341	26,719	46,985	22,500	72,590	428,766	395,000	113,289	98,210
Appropriated fund Balance	-	-	-	-	-	-	-	-	-	-
Transfers	46,457	13,999	(49,692)	140,271	22,300	77,136	(7,987)	151,635	105,500	(247,396)
Capital leases	-	-	-	-	-	-	-	103,182	-	-
Sale of capital assets	-	10,852	6,800	8,800	6,000	6,000	2,210	-	-	-
Total other financing sources (uses)	<u>87,457</u>	<u>75,192</u>	<u>(16,173)</u>	<u>196,056</u>	<u>50,800</u>	<u>155,726</u>	<u>422,989</u>	<u>649,817</u>	<u>218,789</u>	<u>(149,186)</u>
Net change in fund balances	<u>\$ 32,808</u>	<u>\$ (124,616)</u>	<u>\$ (171,531)</u>	<u>\$ 217,755</u>	<u>\$ 135,217</u>	<u>\$ 325,284</u>	<u>\$ 237,283</u>	<u>\$ (351,993)</u>	<u>\$ 190,744</u>	<u>\$ 8,551</u>
Debt services as a percentage of noncapital expenditures	<u>6.8%</u>	<u>6.0%</u>	<u>4.5%</u>	<u>4.0%</u>	<u>3.1%</u>	<u>3.4%</u>	<u>2.6%</u>	<u>10.2%</u>	<u>12.2%</u>	<u>13.1%</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Business Type Activities										
Revenues										
Charges for Services	\$ 473,285	\$ 624,125	\$ 568,157	\$ 550,031	\$ 662,684	\$ 739,692	\$ 889,373	\$ 764,432	\$ 762,826	\$ 676,209
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	<u>473,285</u>	<u>624,125</u>	<u>568,157</u>	<u>550,031</u>	<u>662,684</u>	<u>739,692</u>	<u>889,373</u>	<u>764,432</u>	<u>762,826</u>	<u>676,209</u>
Operating Expenses										
Adminstration	78,479	131,427	186,101	152,254	163,088	178,324	189,601	139,201	166,302	180,104
Festival Ground Maintenance	-	-	14,541	24,062	30,438	27,046	36,999	54,882	48,098	79,504
Waste Collection and treatment	86,090	92,270	132,854	140,467	199,111	201,212	203,572	227,491	259,353	279,800
Depreciation	70,641	80,579	89,896	106,911	119,423	122,182	142,756	141,985	143,999	149,718
Total Operating Expenses	<u>235,210</u>	<u>304,276</u>	<u>423,392</u>	<u>423,694</u>	<u>512,060</u>	<u>528,764</u>	<u>572,928</u>	<u>563,559</u>	<u>617,752</u>	<u>689,126</u>
Operating income (loss)	<u>238,075</u>	<u>319,849</u>	<u>144,765</u>	<u>126,337</u>	<u>150,624</u>	<u>210,928</u>	<u>316,445</u>	<u>200,873</u>	<u>145,074</u>	<u>(12,917)</u>
Nonoperating Revenues (Expenses)										
Interest earned on investments	11,858	3,556	6,982	5,436	14,247	34,835	57,272	54,318	31,245	18,185
Grant Revenue	133,624	2,000	-	-	-	-	-	-	-	16,387
Private Donations	-	-	6,170	-	-	-	-	-	-	-
Loss on disposal of capital assett	-	-	-	(32,046)	-	-	-	-	-	-
Occupancy tax	-	-	-	-	-	-	-	-	25,712	53,829
Miscellaneous	20	-	18,873	8,673	11,532	48,137	163,200	26,486	4,984	49,539
Interest Expense	(31,842)	(23,990)	(29,176)	(30,464)	(25,336)	(20,643)	(15,408)	(9,114)	(44,149)	(76,990)
Total Nonoperating revenues (expenses)	<u>113,660</u>	<u>(18,434)</u>	<u>2,849</u>	<u>(48,401)</u>	<u>443</u>	<u>62,329</u>	<u>205,064</u>	<u>71,690</u>	<u>17,792</u>	<u>60,950</u>
Other financing sources										
Capital contributions	-	332,827	593,317	-	-	-	-	-	-	-
Income before tranfers	351,735	634,242	740,931	77,936	151,067	273,257	521,509	272,563	162,866	48,033
Tranfers to other funds	(10,000)	-	(73,400)	(140,271)	(22,300)	(114,000)	(125,000)	(151,635)	(105,500)	(94,820)
Transfers from other funds	-	-	124,418	416,644	100,663	36,864	75,766	-	-	342,216
Add depreciation on contributed capital	<u>31,818</u>	<u>31,818</u>	<u>31,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	373,553	660,060	823,767	354,309	229,430	196,121	472,575	120,928	57,366	295,429
Net Assets										
Beginngin of year - July 1	<u>1,184,133</u>	<u>1,557,686</u>	<u>2,223,746</u>	<u>4,346,708</u>	<u>4,701,017</u>	<u>4,930,447</u>	<u>5,126,568</u>	<u>5,598,843</u>	<u>5,719,771</u>	<u>5,777,137</u>
End of Year - June 3C	<u>\$ 1,557,686</u>	<u>\$ 2,223,746</u>	<u>\$ 3,047,513</u>	<u>\$ 4,701,017</u>	<u>\$ 4,930,447</u>	<u>\$ 5,126,568</u>	<u>\$ 5,598,843</u>	<u>\$ 5,719,771</u>	<u>\$ 5,777,137</u>	<u>\$ 6,072,566</u>

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

Fiscal Year					Less:	Total Taxable	Total Direct
Ended June 30	Real Property	Personal Property	Public Svc Co. Property	Motor Vehicle	Tax Exempt Property	Assessed Value	Tax Rate
2001	\$ 110,767,810	\$ 4,324,527	\$ 932,710	\$ 4,675,821	\$ (556,868)	\$ 120,144,000	0.45
2002	111,546,346	4,006,806	964,902	5,845,213	(298,751)	122,064,516	0.39
2003	136,222,380	14,185,939	1,035,091	6,730,732	(486,535)	157,687,607	0.39
2004	161,463,001	11,250,166	1,477,979	7,156,241	(952,772)	180,394,615	0.39
2005	184,731,235	13,536,020	1,398,027	7,156,241	(1,105,882)	205,715,641	0.42
2006	191,342,398	12,315,527	2,270,596	7,173,162	(926,935)	212,174,748	0.42
2007	279,912,638	12,775,222	2,427,015	8,526,077	(1,265,952)	302,375,000	0.42
2008	313,061,493	15,920,098	2,553,560	9,740,672	(1,425,287)	339,850,536	0.42
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

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, 2006.

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**

<u>Year</u>	<u>Haywood County</u>	<u>Town of Maggie Valley</u>	<u>Fire District</u>
2001	0.61	0.40	0.50
2002	0.61	0.45	0.50
2003	0.61	0.39	0.50
2004	0.61	0.39	0.50
2005	0.61	0.39	0.50
2006	0.61	0.42	0.50
2007	0.497	0.42	0.50
2008	0.497	0.42	0.50
2009	0.497	0.42	0.50
2010	0.514	0.42	0.50

Source: Haywood County and Maggie Valley Tax departments

**Town of Maggie Valley
Principal Property Taxpayers
June 30, 2009**

	2010			<u>Taxpayer</u>	2001		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
<u>Taxpayer</u>							
Maggie Valley Resort	\$ 19,239,564	1	4.65%	HPA Partners	\$ 5,790,886	1	5.02%
Ghost Town Partners	8,283,384	2	2.00%	Peppertree	3,833,442	2	3.32%
Maggie Valley Development	5,715,770	3	1.38%	J Coburn	3,593,401	3	3.11%
Twinbrook Resort Inc	4,444,830	4	1.07%	MV Investments	2,972,039	4	2.57%
Peppertree	3,907,292	5	0.94%	William Shephard	1,654,991	5	1.43%
Stone Bridge LLC	3,751,270	6	0.91%	Ernest Ulmer	1,447,696	6	1.25%
Reece Hotel	2,617,402	7	0.63%	Lee Investment Group	1,293,640	7	1.12%
Taylor Toggs	2,391,079	8	0.58%	catalogochee ranch	1,203,550	8	1.04%
Blue Rdige Enterprises LLC	2,315,100	9	0.56%	HVM Lodging	1,203,305	9	1.04%
DAHI Inc	2,295,981	10	0.56%	Alaska Pressley	1,151,440	10	1.00%
Totals	<u>\$ 54,961,672</u>		<u>13.29%</u>		<u>\$ 24,144,390</u>		<u>20.91%</u>
Total Taxable Assessed Value	<u>\$ 413,616,548</u>				<u>\$ 115,468,179</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
2001	\$ 480,576	\$ 463,638	96.48%	\$ 20,232	\$ 475,658	98.98%
2002	549,290	529,320	96.36%	9,445	547,076	99.60%
2003	616,993	584,923	94.80%	16,946	614,914	99.66%
2004	703,539	680,674	96.75%	33,339	700,967	99.63%
2005	852,469	829,124	97.26%	31,555	849,780	99.68%
2006	887,812	880,000	99.12%	36,184	883,469	99.51%
2007	1,269,975	1,257,659	99.03%	9,309	1,266,968	99.76%
2008	1,434,041	1,416,945	98.81%	14,658	1,431,601	99.83%
2009	1,564,059	1,465,210	93.68%	12,978	1,478,188	94.51%
2010	1,783,895	1,657,688	92.93%	56,498	1,714,186	96.09%

**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			
2001	\$ 1,855	\$ 97,009	\$ -	\$ 300,000	\$ 126,662	\$ 525,526	4.66%	821
2002	-	93,978	-	250,000	27,139	371,117	6.77%	580
2003	-	76,230	-	200,000	418,376	694,606	3.73%	1,085
2004	-	81,226	-	150,000	373,918	605,144	4.35%	766
2005	-	67,588	-	100,000	329,594	497,182	5.50%	442
2006	-	101,161	-	50,000	283,561	434,722	6.47%	381
2007	-	1,444,293	276,000	-	242,266	1,962,559	1.50%	1,408
2008	-	1,566,707	262,144	-	506,326	2,335,177	1.28%	1,730
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

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
 Legal Debt Margin Information
 Last Ten Fiscal Years**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 9,611,520	\$ 9,085,994	\$ 12,615,009	\$ 14,431,569	\$ 16,457,251	\$ 16,973,980	\$ 24,190,000	\$ 25,359,192	\$ 28,168,010	\$ 32,481,736
Total net debt applicable to limit	<u>300,000</u>	<u>250,000</u>	<u>200,000</u>	<u>150,000</u>	<u>100,000</u>	<u>50,000</u>	<u>-</u>	<u>1,828,851</u>	<u>1,531,530</u>	<u>1,452,675</u>
Legal debt margin	<u>\$ 9,311,520</u>	<u>\$ 8,835,994</u>	<u>\$ 12,415,009</u>	<u>\$ 14,281,569</u>	<u>\$ 16,357,251</u>	<u>\$ 16,923,980</u>	<u>\$ 24,190,000</u>	<u>\$ 23,530,341</u>	<u>\$ 26,636,480</u>	<u>\$ 31,029,061</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>3.12%</u>	<u>2.75%</u>	<u>1.59%</u>	<u>1.04%</u>	<u>0.61%</u>	<u>0.29%</u>	<u>0.00%</u>	<u>7.21%</u>	<u>5.44%</u>	<u>4.47%</u>

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 424,180,132
Add back: exempt real property	<u>-</u>
Total assessed value	<u>\$ 424,180,132</u>
Debt Limit (8% of total assessed value)	\$ 33,934,411
Debt applicable to limit:	
Less: amount set aside for repayment of general obligation debt	<u>1,452,675</u>
Legal debt margin	<u>\$ 32,481,736</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 (1)	Median Age (1)	School Enrollment (2)	Haywood County Unemployment Rate (3)
2001	640	\$ 24,480	\$ 21,494	42.3	423	4.6
2002	640	25,119	22,571	42.3	414	5.8
2003	640	25,896	unavailable	42.3	403	6.6
2004	790	26,312	23,243	42.3	387	4.3
2005	1,125	27,352	24,261	42.3	400	4.3
2006	1,142	28,132	24,324	42.3	412	4.0
2007	1,198	29,380	25,346	42.3	427	4.0
2008	1,198	30,004	26,743	45.0	398	4.5
2009	1,593	26,256	23,159	45.0	401	9.6
2010	1,610	24,319	22,662	46.0	394	8.9

(1) N.C. Department of Commerce/Office of State Planning

(2) NC Public Schools. Org

(3) Employment Security Commission

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

Employer	2010		Employer	2009	
	Number of Employees (1)	% of Total County Employment (2)		Number of Employees (1)	% of Total County Employment (2)
Haywood County Consolidated Schools	1,395	5.62%	Evergreen Packaging	1,126	4.51%
Evergreen Packaging	1,250	5.04%	Haywood County Consolidated Schools	1,003	4.01%
Haywood Regional Medical Center	1,020	4.11%	Haywood Regional Medical Center	960	3.84%
Haywood County Government	534	2.15%	Haywood County Government	590	2.36%
Ingles Markets, Inc	423	1.70%	Ingles Markets, Inc	440	1.76%
Haywood Community College	422	1.70%	Haywood Community College	373	1.49%
Wal-Mart Associates Inc	385	1.55%	Wal-Mart Associates Inc	340	1.36%
Haywood Vocational Opportunities	325	1.31%	Haywood Vocational Opportunities	306	1.22%
Town of Waynesville	219	0.88%	Town of Waynesville	164	0.66%
Silver Bluff Nursing Home	215	0.87%	Silver Bluff Village	161	0.64%
Totals	<u>6,188</u>	<u>24.94%</u>		<u>5,463</u>	<u>21.86%</u>
Total County Employment		24,815			24,986

* Information prior to 2006 is not available

(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>Full-Time Equivalent Employees as of June 3^d</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function										
General Government	5	5	5	5	5	5	5	5	6	5
Public Safety	7	7	8	8	8	9	10	10	10	11
Transportation	3	3	3	2	2	2	3	4	4	4
Waste Water Treatment	<u>1</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>16</u></u>	<u><u>17</u></u>	<u><u>18</u></u>	<u><u>17</u></u>	<u><u>17</u></u>	<u><u>18</u></u>	<u><u>20</u></u>	<u><u>21</u></u>	<u><u>22</u></u>	<u><u>22</u></u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function										
Law Enforcement										
Physical arrests	196	91	124	172	143	135	397	264	241	192
Traffic violations	175	143	167	287	172	113	630	1,511	985	873
Refuse Collection										
Refuse Collected (tons per day)	-	-	3.90	4.85	4.76	5.71	6.13	7.83	7.67	7.38
Recyclables collected (tons per day)	-	-	-	-	-	-	0.58	0.86	0.57	0.70
Other Public Works										
Streets resurfing (miles)	0.10	0.30	0.40	0.10	0.20	-	0.05	-	0.05	-
Potholes repaired	5.00	10.00	10.00	15.00	25.00	30.00	60.00	60.00	40.00	60.00
Waste Water Treatment										
Average daily sewage treatment	0.344	0.346	0.389	0.385	0.375	0.379	0.325	0.295	0.294	0.310

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**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function										
Public safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	6	7	7	7	8	8	8	8	8	10
Fire stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	0.66	1.15	1.15	1.92	2.10	2.27	4.38	4.38	4.38	4
Highways (miles)	5	5	5	5	5	5	5	5	5	5
Street lights	150	160	170	180	184	215	258	276	287	286
Traffic Signals	2	2	2	2	2	2	2	2	2	2
Parks and recreation										
Acreage	1.54	10.74	10.74	10.74	10.74	10.74	11.60	11.60	11.60	11.63
Playgrounds	1	1	1	1	1	1	1	1	1	1
Community Centers	1	1	1	1	1	1	1	1	1	1
Waste Water Treatment										
Sanitary sewer (miles)	30	32	35	35	35.9	41.1	42.7	43.9	46	47.0
Treatment capacity (Thousands of gallons)	750	750	750	750	750	750	750	750	1,000	1,000

Sources: Various town departments.