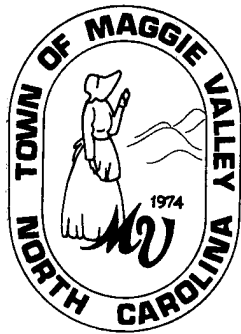


**TOWN OF MAGGIE VALLEY  
NORTH CAROLINA**

Maggie Valley, North Carolina

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2007



Prepared by: Finance Department  
Finance Director: Shayne Wheeler

TOWN OF MAGGIE VALLEY, NORTH CAROLINA

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# *Town of Maggie Valley*

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## **Letter of Transmittal**

November 8, 2007

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, 2007. The financial statements and supplemental schedules contained herein have been audited by the independent, certified public accounting firm of Dixon Hughes PLLC, and that firm's unqualified opinion is included in the Financial Section of this report. The report itself, however, is presented by the Town, which is responsible for the accuracy of the data, and for the completeness and fairness of its presentation including all disclosures. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the Town as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the Town's financial affairs have been included.

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.

The primary government is considered financially accountable if it appoints a voting majority of the Organization's governing body, and if (1) it is able to impose its will on that organization, or (2) there is a potential for the Organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

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.

## **Description of the Town**

The Town of Maggie Valley, established in 1974, is located in Haywood County, which is in the western portion of North Carolina. The population of Maggie Valley is 1,198 with a land area of 2.27 square miles. 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 public safety, sanitation, sewer, planning, building inspections, cultural and recreational activities, general administration, and others. This report includes all the Town's activities in maintaining these services.

## **Economic Conditions and Outlook**

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. However, the Town does have several properties located within its corporate limits that contribute mightily to the overall tax base of the Town and Haywood County. 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. This situation has gotten better because of some recent annexations, and should get even better over the next few years as more people locate in the Town. Recent annexations have increased the Town's population significantly. Building in areas that were previously annexed has increased and that will help add to the population.

The tourism industry has continued to struggle in Maggie Valley because of elevated gasoline prices. The elevation in gasoline prices began when Hurricane Katrina struck the Gulf Coast in late August of 2005. The reduction in the capacity of refinement followed by the dramatic increase in crude oil prices has caused gasoline prices to rise to the current level. Tourists have to factor into their plans the cost of transportation, and the elevated price of gasoline factors into where people plan to spend vacation time. This year was a better year because the Town's Festival Grounds had good events booked that drew record numbers of tourist and visitors. As the Festival Grounds get established and have annual type events, more and more tourist and visitors will come to Maggie Valley. The group that purchased Ghost Town in the fall of 2006 did reopen the theme park on May 25, 2007. This will likely have a very positive impact on the tourist related businesses in the area.

Residential growth continues within and near Maggie Valley at a surprising rate. This surge of residential growth will bring with it both increases in the tax base as well as demand for town services.

## **Major Initiatives**

During the year, the Town of Maggie Valley was involved in a number of major projects, some of which will not be completed until future years. 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. Construction on a new police department began in early 2007 and should be completed by mid November 2007.

The Town has consistently sought the best and “least-cost” methods of providing services, which in several cases have resulted in the use of privatization. The Town contracts with GDS., Inc. for solid waste collection.

The Town has utilized several types of grant funding to effectively carry out its programs. The Maggie Valley Police Department applied successfully for several types of funding through the Federal Crime Bill. The Town has also received grant funding from TEA-21, through NC DOT to start a streetscape improvement program.

Maggie Valley has made great strides over the past few years in improving park facilities for its citizens to enjoy. The Town acquired a 10-acre tract in 2002 in “downtown” that has been given the name “The Maggie Valley Festival Grounds.” The Town will continue to make improvements to the facilities and promote the property. In November 2006, the Town added the Parham property to its park system and hopes to provide some amenities to the site over the next few years.

In sum, the Town has embarked successfully in an effort to improve each area of its operations and address its varying needs for the future.

## **Cash Management**

Idle cash was invested in certificates of deposits, Finistar money market accounts and the North Carolina Capital Management Trust. The Town’s investment strategy insures safety and liquidity minimizing credit and market risks while maintaining a competitive yield on its portfolio. Total investment earnings for the year were \$137,431 equivalent to a return of seven percent on the average amount of cash on deposit during the year. Fifty nine percent of the Town’s money was placed with the North Carolina Capital Management Trust and thirteen percent is in a federally insured money market with Finistar. Twenty eight percent is in insured or collateralized depository accounts with an average maturity of 90 days.

## **Risk Management**

In recent years changes in the insurance industry have pushed many local governments almost completely out of the commercial insurance market. Maggie Valley has had both property and liability and worker's compensation insurance with the risk pools arranged by the N. C. League of Municipalities Risk Management Pool. A commercial carrier out of the county provides family health and accident coverage. We request bids regularly to keep costs down as much as possible.

## **Fund Balance**

The General Fund ended the fiscal year with a total fund balance of \$1,321,042, an increase of \$237,283. \$973,637 of this fund balance is available for appropriation. This represents 44.9% of annual expenditures and transfers. A benchmark the State recommends to many governmental units is to maintain a minimum available fund balance of 8% of annual expenditures, which approximates one month's expenditures.

## **Budget Control**

The primary mission of the budget and related processes is the development of an annual financial plan for the Town. However, just as important, the budget is a strategic plan where by departmental missions and objectives are aligned with the Board's goals and commitments made today, and the impact of those decisions are projected and planned for into the future.

Public input and review of the budget prior to the adoption by the elected board is encouraged. The fiscal budget is prepared by the Town Manager for a one-year fiscal cycle beginning July 1 and ending June 30 of the following year and must be adopted by the Board of Alderman prior to the beginning of each fiscal year. The Town holds one public hearing to receive community input. The entire budget document is available at the Town Clerk's office for review. The Board of Alderman hold at least two budget review sessions following the Managers recommended budget prior to the adoption of an annual budget.

Formal budgetary accounting is used for all funds, as a management control required by the North Carolina General Statutes. All governmental units are required to adopt a balanced budget by July 1 of each year. The budget ordinance, passed by the Board of Alderman, creates a legal limit on spending authorizations at the departmental level. Budgetary control is facilitated by the use of an automated purchase order system that ensures that adequacy of funds prior to the placement of orders or the award of contracts.

## **Internal Controls**

This report consists of management's representation concerning the finances of the Town of Maggie Valley. To prove a reasonable basis for making these representations, an internal control framework has been designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements in conformity with accounting principles

generally accepted in the United States of America and maintaining accountability of assets; (3) the effectiveness and efficiency of operations; and (4) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the Town's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **Other Information**

Maggie Valley is required by state law (G.S. 159.34) to have an annual independent financial audit. A compliance audit on federal and state financial assistance programs is also required under the OMB Circular A-133 and the State Single Audit Implementation Act. The Town's auditors, Dixon Hughes PLLC, were selected through a formal request for proposal process. The auditors' report on the General Purpose Financial Statements is included in the Financial Section of this report. The auditors' reports required as part of a single audit are included in the Compliance Section of this report.

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, 2006. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state and local government financial report. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

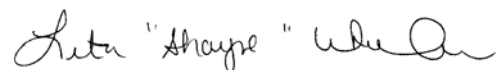
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Preparation of this report would not have been possible without the dedicated efforts of our Finance Department and our auditors, Dixon Hughes PLLC. 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



Leta (Shayne) Wheeler  
Finance Officer

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## Organizational Chart

As of June 30, 2007



# 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, 2006

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 "Ronald J. Blain".

President

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

Executive Director

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Principal Officials

June 30, 2007

**Mayor:**

Roger McElroy

**Alderman:**

Mark Demola  
Phil Aldridge  
Saralyn Price  
Colin Edwards

**Town Manager:**

Timothy Barth

**Police Chief:**

Scott Sutton

**Town Clerk:**

Vicki Best

**ORC/Public Works Director:**

Michael Mehaffey

**- 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, 2007, which collectively comprise the Town of Maggie Valley'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, 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 has been furnished to us, and our opinion on the financial statements, 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 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, the discretely presented component unit and each major fund of the Town of Maggie Valley, North Carolina as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the

(1)

Independent Auditors' Report  
Page Two

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 November 8, 2007, 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. Accordingly, we express no opinion. 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 accounting principles generally accepted in the United States of America. 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 this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Maggie Valley, North Carolina. The introductory section, combining and individual non-major fund financial statements and schedules, statistical tables, as well as the accompanying schedule of expenditures of federal and State awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and schedules and the accompanying schedule of expenditures of federal and State awards, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Asheville, North Carolina  
November 8, 2007

*Dixon Hughes PLLC*

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## Management's Discussion and Analysis

June 30, 2007

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, 2007. 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

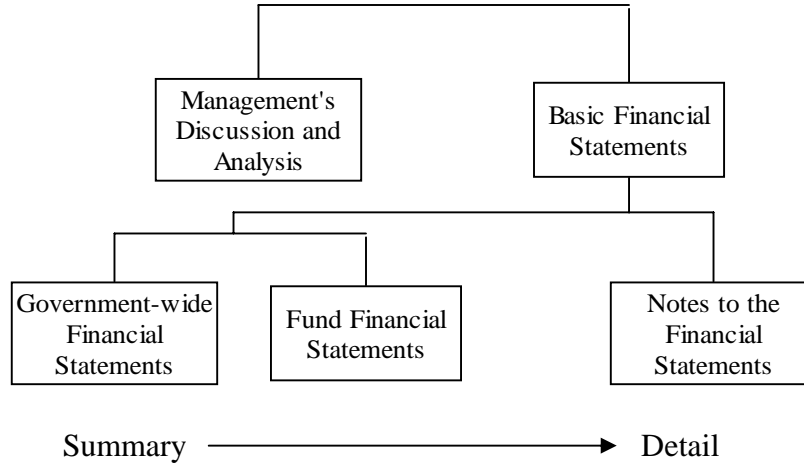
- The assets of the Town of Maggie Valley exceeded its liabilities at the close of the fiscal year by \$9,475,802.
- The Town of Maggie Valley's total net assets increased by \$992,122, of which \$519,847 came from governmental activities and \$472,275 came from business-type activities.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$973,637 or 43 percent of total general fund expenditures for the fiscal year.
- The Town of Maggie Valley's total debt (excluding compensated absences) increased by \$1,251,837 during the current fiscal year due to the issuance of installment purchase contracts as discussed later in the long-term debt section.
- Since fiscal year 2003, the Town has been awarded the GFOA Certificate of Achievement for Excellence in financial reporting. Maggie Valley is the smallest municipality in Haywood County and the only municipality in the County that has received this award.

### 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 1 and 2) 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 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

### Government-wide Financial Statements

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

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

**Proprietary Funds** - The Town of Maggie Valley has one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Maggie Valley uses enterprise funds to account for its sewer activity 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 - 42 of this report.

## Government-Wide Financial Analysis

**The Town of Maggie Valley's Net Assets  
June 30, 2007 and 2006**

Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Current assets	\$ 2,145,415	\$ 1,144,564	\$ 1,317,054	\$ 1,054,201	\$ 3,462,469	\$ 2,198,765
Capital assets	<u>3,431,426</u>	<u>2,388,604</u>	<u>4,554,662</u>	<u>4,451,303</u>	<u>7,986,088</u>	<u>6,839,907</u>
Total assets	<u>5,576,841</u>	<u>3,533,168</u>	<u>5,871,716</u>	<u>5,505,504</u>	<u>11,448,557</u>	<u>9,038,672</u>
Current liabilities	340,969	91,771	66,889	131,777	407,858	223,548
Non current liabilities	<u>1,358,913</u>	<u>84,285</u>	<u>205,984</u>	<u>247,159</u>	<u>1,564,897</u>	<u>331,444</u>
Total liabilities	<u>1,699,882</u>	<u>176,056</u>	<u>272,873</u>	<u>378,396</u>	<u>1,972,755</u>	<u>554,992</u>
Net assets:						
Invested in capital assets, net of related debt	2,726,061	2,287,443	4,312,396	4,117,742	7,038,457	6,405,185
Restricted for transportation	107,626	75,086	-	-	107,626	75,086
Unrestricted	<u>1,043,272</u>	<u>994,583</u>	<u>1,286,447</u>	<u>1,008,826</u>	<u>2,329,719</u>	<u>2,003,409</u>
Total net assets	<u>\$ 3,876,959</u>	<u>\$ 3,357,112</u>	<u>\$ 5,598,843</u>	<u>\$ 5,126,568</u>	<u>\$ 9,475,802</u>	<u>\$ 8,483,680</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 \$ 9,475,802 as of June 30, 2007. The Town's net assets increased by \$ 992,122 for the fiscal year ended June 30, 2007. However, the largest portion (74%) 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.

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

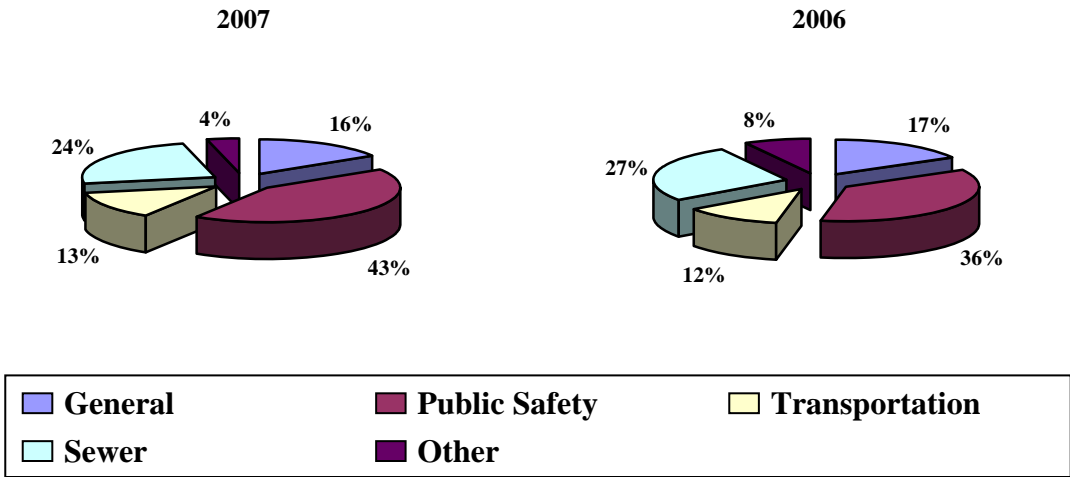
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.03%, which is comparable to the statewide average of 98.65%
- Increased tax revenues of approximately \$358,293 due to maintaining a three cent tax rate and 118 volunteer annexations.

**Town of Maggie Valley Changes in Net Assets  
For the Years Ending June 30, 2007 and 2006**

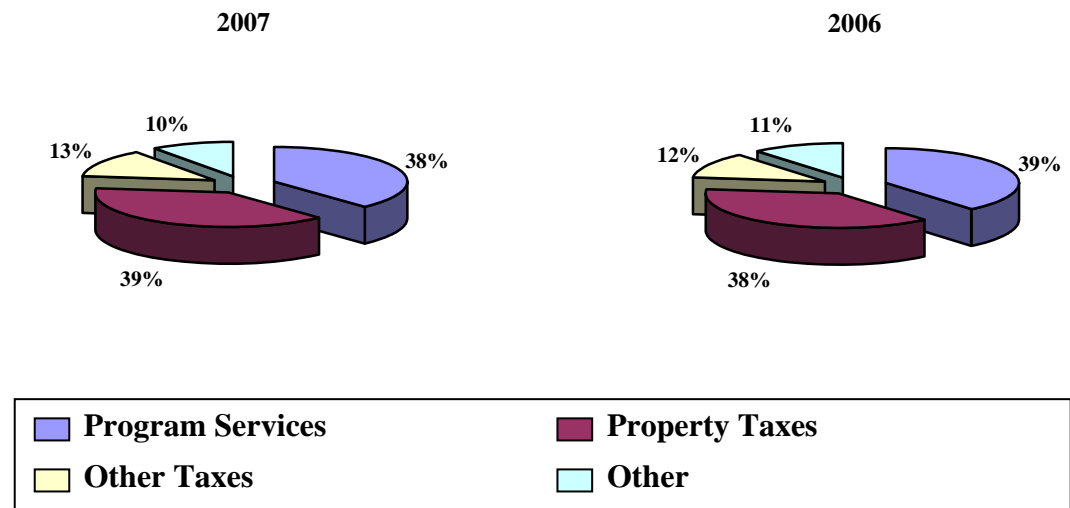
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 135,062	\$ 192,617	\$ 889,373	\$ 739,692	\$ 1,024,435	\$ 932,309
Operating grants and contributions	97,795	32,573	-	-	97,795	32,573
Capital grants and contributions	92,000	-	-	-	92,000	-
General revenues:						
Property taxes	1,265,562	907,269	-	-	1,265,562	907,269
Other taxes	415,173	289,588	-	-	415,173	289,588
Grants and contributions not restricted to specific programs	26,800	114,297	-	-	26,800	114,297
Other	70,159	30,588	220,472	82,972	290,631	113,560
Total revenues	<u>2,102,551</u>	<u>1,566,932</u>	<u>1,109,845</u>	<u>822,664</u>	<u>3,212,396</u>	<u>2,389,596</u>
Expenses:						
General government	333,472	325,319	-	-	333,472	325,319
Public safety	898,737	670,313	-	-	898,737	670,313
Transportation	277,387	228,781	-	-	277,387	228,781
Environmental protection	62,561	55,837	-	-	62,561	55,837
Parks and recreation	56,310	45,230	-	-	56,310	45,230
Interest on long-term debt	3,471	3,068	-	-	3,471	3,068
Sewer	-	-	508,914	500,762	508,914	500,762
Festival grounds	-	-	79,422	48,645	79,422	48,645
Total expenses	<u>1,631,938</u>	<u>1,328,548</u>	<u>588,336</u>	<u>549,407</u>	<u>2,220,274</u>	<u>1,877,955</u>
Increase in net assets before transfers	470,613	238,384	521,509	273,257	992,122	511,641
Transfers	<u>49,234</u>	<u>77,136</u>	<u>(49,234)</u>	<u>(77,136)</u>	<u>-</u>	<u>-</u>
Change in net assets	519,847	315,520	472,275	196,121	992,122	511,641
Net assets, beginning of year	<u>3,357,112</u>	<u>3,041,592</u>	<u>5,126,568</u>	<u>4,930,447</u>	<u>8,483,680</u>	<u>7,972,039</u>
Net assets, end of year	<u>\$ 3,876,959</u>	<u>\$ 3,357,112</u>	<u>\$ 5,598,843</u>	<u>\$ 5,126,568</u>	<u>\$ 9,475,802</u>	<u>\$ 8,483,680</u>

**Government-Wide Expenses  
Figure 5**



**Government-Wide Revenues  
Figure 6**



**Governmental Activities** - Governmental activities increased the Town's net assets by \$519,847, thereby accounting for 52% 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 \$358,293 (39%) during the year. This increase is the result of maintaining tax rate in a re-evaluation year
- Increase in voluntary annexations

**Business-Type Activities** - Business-type activities increased the Town of Maggie Valley's net assets by \$472,275, accounting for 48% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Continued increase in sewer customers
- Maintain Sewer Rates

### **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 \$973,637, while total fund balance reached \$1,321,042. 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 42.8% of total General Fund expenditures.

**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 \$632,542. The majority of the increase is due to the purchase of capital assets through the issuance of installment purchase contracts as noted later in the Long-Term Debt section. All expenditures came in under budget and the largest budgeted variance in expenditures occurred in transportation due to Powell Bill funds not being spent as a result of a milder than anticipated winter.

**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 \$1,370,584, and those for the Festival Fund amounted to a net deficit of \$84,137. The growth in total net assets for both funds was \$307,669 and \$164,606 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, 2007, totals \$7,038,457 (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:

**Town of Maggie Valley's Capital Assets  
(Net of depreciation)  
June 30, 2007 and 2006**  
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$1,896,148	\$1,411,100	\$ 598,062	\$ 598,062	\$2,494,210	\$2,009,162
Buildings and systems	354,121	332,072	3,695,583	3,676,507	4,049,704	4,008,579
Improvements other than buildings	-	-	118,501	13,673	118,501	13,673
Machinery and equipment	136,273	146,642	128,193	141,489	264,466	288,131
Infrastructure	387,494	280,912	-	-	387,494	280,912
Vehicles and motorized Equipment	202,892	195,863	14,323	21,572	217,215	217,435
Construction in progress	<u>454,498</u>	<u>22,015</u>	<u>-</u>	<u>-</u>	<u>454,498</u>	<u>22,015</u>
Total	<u>\$3,431,426</u>	<u>\$2,388,604</u>	<u>\$4,554,662</u>	<u>\$4,451,303</u>	<u>\$7,986,088</u>	<u>\$6,839,907</u>

Additional information on the Town's capital assets can be found in Note 2A on Page 34 of the Basic Financial Statements.

**Long-term Debt** - As of June 30, 2007 the Town of Maggie Valley had no bonded debt outstanding.

**Town of Maggie Valley's Outstanding Debt  
General Obligation Bonds and Other Debt  
June 30, 2007 and 2006**

Figure 6

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
General obligation bonds	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000
Installment purchase contracts	<u>1,444,293</u>	<u>101,161</u>	<u>242,266</u>	<u>283,561</u>	<u>1,686,599</u>	<u>384,722</u>
Total	<u>\$1,444,293</u>	<u>\$ 101,161</u>	<u>\$ 242,266</u>	<u>\$ 333,516</u>	<u>\$1,686,559</u>	<u>\$ 434,722</u>

The Town of Maggie Valley's total debt increased by \$1,251,837 (26%) during the past fiscal year, primary due to construction of a new police department. The government also issued \$428,766 in installment purchase financing for new vehicles for public safety, land purchase for a park and an additional ABC store.

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 \$24,190,000.

Additional information regarding the Town of Maggie Valley's long-term debt can be found in note on page 40 of this report.

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

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

- Low unemployment. The County's unemployment rate of 4.1% is well below the State average of 4.9%.
- Population has increased 5% since fiscal year ending 2006
- Ghost Town in the Sky, a regionally know amusement park, reopened after being closed for five years. Maggie Valley depends heavily on the tourism industry.

**Budget Highlights for the Fiscal Year Ending June 30, 2008**

**Governmental Activities** - The Town expects to increase revenue by 16%. The Town will use this increase in revenues to finance programs currently in place and to continue to fund the capital improvements plan.

Budgeted expenditures in the General Fund are expected to increase 8% to \$2,280,485. The 8% increase is based on the 2007 final budget adjusted for capital expenditures financed by installment purchase contracts. The largest increases are in Contingency and Debt Service, due to building a new police department and purchasing land for a park and ABC store.

**Business-Type Activities** - The sewer fund revenue is expected to increase by 39%, due to increased fee and customers. General operating expenses will increase by 22% to cover increased personnel costs, increased costs of material, supplies, and other operating expenses. The festival fund revenues are expected to remain consistent with 2007.

**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**

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## TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## Statement of Net Assets

June 30, 2007

<u>Assets</u>	<u>Primary Government</u>			<u>Town of Maggie Valley ABC Board</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Current assets:				
Cash and cash equivalents	\$ 306,605	\$ 320,295	\$ 626,900	\$ 94,604
Restricted cash	738,928	-	738,928	-
Investments	841,538	997,161	1,838,699	212,199
Taxes receivables (net)	18,565	-	18,565	-
Accounts receivable (net)	102,327	123,816	226,143	4,771
Internal balances	128,036	(128,036)	-	-
Prepays	9,416	3,818	13,234	1,548
Inventories	-	-	-	98,999
Total current assets	<u>2,145,415</u>	<u>1,317,054</u>	<u>3,462,469</u>	<u>412,121</u>
Capital assets:				
Land and construction in progress	2,350,646	598,062	2,948,708	509,150
Other capital assets, net of depreciation	<u>1,080,780</u>	<u>3,956,600</u>	<u>5,037,380</u>	<u>188,369</u>
Total capital assets	<u>3,431,426</u>	<u>4,554,662</u>	<u>7,986,088</u>	<u>697,519</u>
Total assets	<u>5,576,841</u>	<u>5,871,716</u>	<u>11,448,557</u>	<u>1,109,640</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	204,467	16,815	221,282	65,925
Unearned revenue	9,613	-	9,613	-
Accrued interest payable	-	558	558	-
Long-term liabilities due within one year	126,889	49,516	176,405	13,856
Long-term liabilities:				
Due in more than one year	<u>1,358,913</u>	<u>205,984</u>	<u>1,564,897</u>	<u>262,144</u>
Total liabilities	<u>1,699,882</u>	<u>272,873</u>	<u>1,972,755</u>	<u>341,925</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	2,726,061	4,312,396	7,038,457	396,519
Restricted for:				
Working capital	-	-	-	35,679
Capital improvements	-	-	-	61,976
Transportation	107,626	-	107,626	-
Unrestricted	<u>1,043,272</u>	<u>1,286,447</u>	<u>2,329,719</u>	<u>273,541</u>
Total net assets	<u>\$ 3,876,959</u>	<u>\$ 5,598,843</u>	<u>\$ 9,475,802</u>	<u>\$ 767,715</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Statement of Activities

For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 333,472	\$ 21,461	\$ -	\$ -
Public safety	898,737	105,324	67,142	-
Transportation	277,387	-	30,653	-
Environmental protection	62,561	2,507	-	-
Parks and recreation	56,310	5,770	-	92,000
Interest on long-term debt	<u>3,471</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>1,631,938</u>	<u>135,062</u>	<u>97,795</u>	<u>92,000</u>
Business-type activities:				
Sewer	508,914	882,373	-	-
Festival grounds	<u>79,422</u>	<u>7,000</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>588,336</u>	<u>889,373</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 2,220,274</u>	<u>\$ 1,024,435</u>	<u>\$ 97,795</u>	<u>\$ 92,000</u>
Component unit:				
ABC Board	<u>\$ 1,088,680</u>	<u>\$ 1,188,195</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes, levied for general purpose				
Other taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets--beginning of year				
Net assets--end of year				

The notes to the financial statements are an integral part of this statement.

<b>Net (Expenses) Revenue and Changes in Net Assets</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Town of Maggie Valley ABC Board</b>
\$ (312,011)	\$ -	\$ (312,011)	\$ -
(726,271)	-	(726,271)	-
(246,734)	-	(246,734)	-
(60,054)	-	(60,054)	-
41,460	-	41,460	-
(3,471)	-	(3,471)	-
<u>(1,307,081)</u>	<u>-</u>	<u>(1,307,081)</u>	<u>-</u>
-	373,459	373,459	-
-	(72,422)	(72,422)	-
-	<u>301,037</u>	<u>301,037</u>	<u>-</u>
<u>(1,307,081)</u>	<u>301,037</u>	<u>(1,006,044)</u>	<u>-</u>
-	-	-	<u>99,515</u>
1,265,562	-	1,265,562	-
415,173	-	415,173	-
26,800	-	26,800	-
70,159	57,272	127,431	5,170
-	163,200	163,200	69,493
49,234	(49,234)	-	-
<u>1,826,928</u>	<u>171,238</u>	<u>1,998,166</u>	<u>74,663</u>
519,847	472,275	992,122	174,178
<u>3,357,112</u>	<u>5,126,568</u>	<u>8,483,680</u>	<u>593,537</u>
<u>\$ 3,876,959</u>	<u>\$ 5,598,843</u>	<u>\$ 9,475,802</u>	<u>\$ 767,715</u>

## TOWN OF MAGGIE VALLEY, NORTH CAROLINA

Balance Sheet  
Governmental Funds

June 30, 2007

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 306,605	\$ -	\$ 306,605
Restricted cash	-	738,928	738,928
Investments	841,538	-	841,538
Receivables (net):			
Taxes	18,565	-	18,565
Governmental	102,327	-	102,327
Due from other funds	128,036	-	128,036
Prepays	<u>9,416</u>	<u>-</u>	<u>9,416</u>
Total assets	<u>\$ 1,406,487</u>	<u>\$ 738,928</u>	<u>\$ 2,145,415</u>
Liabilities:			
Accounts payable and accrued liabilities	\$ 57,267	\$ 147,200	\$ 204,467
Deferred revenue	<u>28,178</u>	<u>-</u>	<u>28,178</u>
Total liabilities	<u>85,445</u>	<u>147,200</u>	<u>232,645</u>
Fund balances:			
Reserved for:			
Prepays	9,416	-	9,416
State statute	230,363	-	230,363
Streets--Powell Bill	107,626	-	107,626
Unreserved:			
Undesignated	886,191	591,728	1,477,919
Designated for capital improvements	<u>87,446</u>	<u>-</u>	<u>87,446</u>
Total liabilities and fund balances	<u>1,321,042</u>	<u>591,728</u>	<u>1,912,770</u>
Total liabilities and fund balances	<u>\$ 1,406,487</u>	<u>\$ 738,928</u>	<u>\$ 2,145,415</u>

Amounts reported for government activities in the statement of net assets (Exhibit 1) are different because:

Total fund balances	\$ 1,912,770
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,110,280
Accumulated depreciation on capital assets is not a use of current financial resources and therefore is not reported in the funds.	(678,854)
Liabilities for earned but deferred revenues in fund statements.	18,565
Some liabilities, including installment contracts payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,485,802)</u>

Net assets of governmental activities \$ 3,876,959

The notes to the financial statements are an integral part of this statement.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Statement of Revenues, Expenditures, and Changes in Fund Balances--  
Governmental Funds

For the Year Ended June 30, 2007

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ 1,272,441	\$ -	\$ 1,272,441
Other taxes and licenses	409,766	-	409,766
Unrestricted intergovernmental revenues	5,414	-	5,414
Restricted intergovernmental revenues	191,382	-	191,382
Permits and fees	128,325	-	128,325
Sales and service	5,770	-	5,770
Miscellaneous	77,139	16,990	94,129
Total revenues	<u>2,090,237</u>	<u>16,990</u>	<u>2,107,227</u>
Expenditures:			
Current:			
General government	824,249	432,483	1,256,732
Public safety	911,387	-	911,387
Transportation	374,148	-	374,148
Parks and recreation	127,047	-	127,047
Debt service:			
Principal retirement	35,641	-	35,641
Interest and fees	3,471	-	3,471
Total expenditures	<u>2,275,943</u>	<u>432,483</u>	<u>2,708,426</u>
Revenues under expenditures	<u>(185,706)</u>	<u>(415,493)</u>	<u>(601,199)</u>
Other financing sources (uses):			
Installment purchase obligations issued	428,776	950,000	1,378,766
Proceeds from sale of capital assets	2,210	-	2,210
Transfers from other funds	125,000	57,221	182,221
Transfers to other funds	(132,987)	-	(132,987)
Total financing sources (uses)	<u>422,989</u>	<u>1,007,221</u>	<u>1,430,210</u>
Net change in fund balances	237,283	591,728	829,011
Fund balances:			
Beginning of year	<u>1,083,759</u>	<u>-</u>	<u>1,083,759</u>
End of year	<u>\$ 1,321,042</u>	<u>\$ 591,728</u>	<u>\$ 1,912,770</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2007

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

Net change in fund balances--Governmental Funds	\$ 829,011
Depreciation expense is not a use of current financial resources and therefore, is not reported in the governmental fund statements.	(107,139)
Capital asset additions are a use of current financial resources and therefore, are reported as expenditures in the governmental fund statements.	1,149,954
Property tax revenue and accrued interest in the statement of activities that do not provide current financial resources and, therefore, are not reported as revenue in the fund statements.	(6,879)
Proceeds from long-term debt that provide current financial resources and are reported as other financing sources in the fund statements.	(1,378,766)
Debt service payments use current financial resources and are reported in the governmental fund statements but are a reduction in a liability on the government-wide statements.	35,641
Adjustment to other long-term obligations that do not require current financial resources and, therefore, are not reported as expenditures in the governmental fund statements.	<u>(1,975)</u>
Change in net assets of governmental activities	<u>\$ 519,847</u>

The notes to the financial statements are an integral part of this statement.

## TOWN OF MAGGIE VALLEY, NORTH CAROLINA

### Statement of Revenues, Expenditures, and Changes in Fund Balance-- Budget and Actual General Fund

For the Year Ended June 30, 2007

	General Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Ad Valorem taxes	\$ 1,178,247	\$ 1,243,855	\$ 1,272,441	\$ 28,586
Other taxes and licenses	352,960	353,836	409,766	55,930
Unrestricted intergovernmental	11,696	11,696	5,414	(6,282)
Restricted intergovernmental	34,305	192,593	191,382	(1,211)
Permits and fees	84,500	102,477	128,325	25,848
Sales and services	4,900	4,900	5,770	870
Miscellaneous	<u>38,645</u>	<u>53,886</u>	<u>77,139</u>	<u>23,253</u>
Total revenues	<u>1,705,253</u>	<u>1,963,243</u>	<u>2,090,237</u>	<u>126,994</u>
Expenditures:				
Current:				
General government	363,146	884,188	824,249	59,939
Public safety	896,267	961,852	911,387	50,465
Transportation	430,219	452,111	374,148	77,963
Parks and recreation	110,077	130,500	127,047	3,453
Debt service:				
Principal retirement	33,476	36,576	35,641	935
Interest and fees	<u>3,068</u>	<u>3,568</u>	<u>3,471</u>	<u>97</u>
Total expenditures	<u>1,836,253</u>	<u>2,468,795</u>	<u>2,275,943</u>	<u>192,852</u>
Revenues under expenditures	<u>(131,000)</u>	<u>(505,552)</u>	<u>(185,706)</u>	<u>319,846</u>
Other financing sources (uses):				
Installment purchase obligations issued	-	428,766	428,766	-
Sale of capital assets	6,000	6,000	2,210	(3,790)
Appropriation of fund balance	-	118,533	-	(118,533)
Transfers from (to) other funds:				
Sewer Fund	125,000	125,000	125,000	-
Festival Grounds Fund	-	(102,747)	(75,766)	26,981
Capital Projects Fund	<u>-</u>	<u>(70,000)</u>	<u>(57,221)</u>	<u>12,779</u>
Total financing sources	<u>131,000</u>	<u>505,552</u>	<u>422,989</u>	<u>(82,563)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	237,283	<u>\$ 237,283</u>
Fund balance:				
Beginning of year			<u>1,083,759</u>	
End of year			<u>\$ 1,321,042</u>	

The notes to the financial statements are an integral part of this statement.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Statement of Fund Net Assets  
Proprietary Funds

June 30, 2007

	<u>Major Funds</u>		
	<u>Sewer Fund</u>	<u>Festival Grounds Fund</u>	<u>Total Proprietary Funds</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 320,295	\$ -	\$ 320,295
Investments	960,233	36,928	997,161
Accounts receivable, net	118,422	5,394	123,816
Deposits	<u>809</u>	<u>3,009</u>	<u>3,818</u>
Total current assets	<u>1,399,759</u>	<u>45,331</u>	<u>1,445,090</u>
Non current assets:			
Capital assets, net	<u>3,753,258</u>	<u>801,404</u>	<u>4,554,662</u>
Total assets	<u>5,153,017</u>	<u>846,735</u>	<u>5,999,752</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	15,383	1,432	16,815
Accrued interest payable	558	-	558
Current portion of general obligation bonds	-	-	-
Current portion of installment purchase contracts	<u>-</u>	<u>43,016</u>	<u>43,016</u>
Total current liabilities	<u>15,941</u>	<u>44,448</u>	<u>60,389</u>
Non-current liabilities:			
Due to other funds	-	128,036	128,036
Installment purchase contracts payable	-	199,250	199,250
Compensated absences payable	<u>13,234</u>	<u>-</u>	<u>13,234</u>
Total non-current liabilities	<u>13,234</u>	<u>327,286</u>	<u>340,520</u>
Total liabilities	<u>29,175</u>	<u>371,734</u>	<u>400,909</u>
Net assets:			
Invested in capital assets net of related debt	3,753,258	559,138	4,312,396
Unrestricted	<u>1,370,584</u>	<u>(84,137)</u>	<u>1,286,447</u>
Total net assets	<u>\$ 5,123,842</u>	<u>\$ 475,001</u>	<u>\$ 5,598,843</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Statement of Revenue, Expenses, and Changes in Fund Net Assets  
Proprietary Funds

For the Year Ended June 30, 2007

	<u>Major Funds</u>		<u>Total Proprietary Funds</u>
	<u>Sewer Fund</u>	<u>Festival Grounds Fund</u>	
Operating revenues:			
Charges for services	\$ 882,373	\$ 7,000	\$ 889,373
Operating expenses:			
Administration	189,601	-	189,601
Festival ground maintenance	-	36,999	36,999
Waste collection and treatment	203,572	-	203,572
Depreciation	<u>111,168</u>	<u>31,588</u>	<u>142,756</u>
Total operating expenses	<u>504,341</u>	<u>68,587</u>	<u>572,928</u>
Operating income (loss)	<u>378,032</u>	<u>(61,587)</u>	<u>316,445</u>
Non-operating revenues (expenses):			
Interest earned on investments	53,494	3,778	57,272
Miscellaneous	5,716	157,484	163,200
Interest expense	<u>(4,573)</u>	<u>(10,835)</u>	<u>(15,408)</u>
Total non-operating revenue (expense)	<u>54,637</u>	<u>150,427</u>	<u>205,064</u>
Transfers to other funds	(125,000)	-	(125,000)
Transfer from other funds	<u>-</u>	<u>75,766</u>	<u>75,766</u>
Change in net assets	307,669	164,606	472,275
Net assets:			
Beginning of year	<u>4,816,173</u>	<u>310,395</u>	<u>5,126,568</u>
End of year	<u>\$ 5,123,842</u>	<u>\$ 475,001</u>	<u>\$ 5,598,843</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Statement of Cash Flows  
Proprietary Funds

For the Year Ended June 30, 2007

	<u>Major Funds</u>		<u>Total Proprietary Funds</u>
	<u>Sewer Fund</u>	<u>Festival Grounds Fund</u>	
Cash flows from operating activities:			
Cash received from customers	\$ 870,251	\$ 159,330	\$ 1,029,581
Cash paid for goods and services	(274,089)	(38,754)	(312,843)
Cash paid to employees for services	(132,097)	-	(132,097)
Other	<u>12,418</u>	<u>(3,009)</u>	<u>9,409</u>
Net cash provided by operating activities	<u>476,483</u>	<u>117,567</u>	<u>594,050</u>
Cash flows from non-capital financing activities:			
Transfers from (to) general fund	<u>(125,000)</u>	<u>75,766</u>	<u>(49,234)</u>
Cash flows from capital and related financing activities:			
Cash paid for capital assets	(39,986)	(206,129)	(246,115)
Principal paid on bonds	(50,000)	-	(50,000)
Principal paid on installment purchase contracts	-	(41,295)	(41,295)
Interest paid on bonds	<u>(4,573)</u>	<u>(10,835)</u>	<u>(15,408)</u>
Net cash used by capital and related financing activities	<u>(94,559)</u>	<u>(258,259)</u>	<u>(352,818)</u>
Cash flows from investing activities:			
Interest on investments	53,494	3,778	57,272
Purchase of investments	(420,404)	-	(420,404)
Proceeds from sale of investments	<u>-</u>	<u>37,622</u>	<u>37,622</u>
Total cash used (provided) by investing activities	<u>(366,910)</u>	<u>41,400</u>	<u>(325,510)</u>
Net decrease in cash and cash equivalents	(109,986)	(23,526)	(133,512)
Cash and cash equivalents, beginning of year	<u>430,281</u>	<u>23,526</u>	<u>453,807</u>
Cash and cash equivalents, end of year	<u>\$ 320,295</u>	<u>\$ -</u>	<u>\$ 320,295</u>

(continued)

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Statement of Cash Flows  
Proprietary Funds, Continued

For the Year Ended June 30, 2007

	<b>Major Funds</b>		<b>Total Proprietary Funds</b>
	<b><u>Sewer Fund</u></b>	<b><u>Festival Grounds Fund</u></b>	
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ 378,032	\$ (61,587)	\$ 316,445
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Other non-operating receipts	5,716	157,484	163,200
Depreciation	111,168	31,588	142,756
Increase/decrease in:			
Accounts receivable	(17,838)	(5,154)	(22,992)
Other assets	12,418	(3,009)	9,409
Accounts payable and accrued liabilities	<u>(13,013)</u>	<u>(1,755)</u>	<u>(14,768)</u>
Net cash provided by operating activities	<u>\$ 476,483</u>	<u>\$ 117,567</u>	<u>\$ 594,050</u>

The notes to the financial statements are an integral part of this statement.

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2007

## 1. **Summary of Significant Accounting Policies**

The accounting policies of the Town of Maggie Valley 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 of Maggie Valley 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. 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.

*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 non-major funds. This year the Town did not have any non-major 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.

**Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources to be used for the acquisition and/or construction of the new police department.

The Town reports the following major enterprise funds:

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

**Festival Grounds 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 taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*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 60 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 motor vehicles registered under the staggered system, 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 Haywood County from March 2006 through February 2007 apply to the fiscal year ended June 30, 2007. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as

part of the conversion into the staggered registration. Originally, annually registration expired December 31<sup>st</sup> each year with taxes due by May 1<sup>st</sup> of the following year. To transition from the staggered into the annual registration, the initial 2007 registration renewals will vary from 7 to 18 months after December 31, 2005. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

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. 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 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 must be approved by the governing board. During the year, several amendments to the original budget totaling \$805,289 were necessary to increase the General Fund. 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.

- April 30 - Each department head will transmit to the budget officer the budget requests and the revenue estimates for their department for the budget year.
- July 1 - The budget ordinance shall be adopted by the governing board.

E. **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(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT), 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, 2005. 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.

**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.

**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:

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

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

	<b><u>Useful Life</u></b>
Store building	30 years
Building improvements	5-10 years
Office and store equipment	5-10 years

**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.

Employees of the ABC Board receive vacation pay based on a scale determined by the Board. Vacation is earned in one year to be taken in the following year. If it is not taken by the end of the following year, it is paid to the employee. No liability for vacation pay existed as of June 30, 2007.

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.

Employees of the ABC Board can accumulate up to 130 days of sick leave at the rate of one day per month. Sick leave may be used in the determination of length of service for retirement benefit purposes. Since the ABC Board has no obligations for accumulated sick leave until it is actually taken, no accrual for sick leave for the ABC Board 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.

**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.

## F. **Revenues, Expenditures, and Expenses**

**Revenues** - 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.

**Operating Revenue and Expenses** - 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.

**Other Resources** - The proprietary funds provide substantial resources to the general fund. In addition, the general fund provides the basis of local resources for other governmental funds. These transactions are recorded as "transfers to other funds" in the disbursing fund and "transfers from other funds" in the receiving fund. The ABC Board makes quarterly transfers to the Town's general fund. These transfers represent the Town's portion of the Board's surpluses that the ABC Board is required by State statute to distribute to the Town.

## 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 are collateralized with securities held by the Town's or the ABC Board's agent in the Town's or ABC Board's name. Under the Pooling Method, 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 or ABC Board's agent in the Town's or ABC Board's name. 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 under-collateralization, 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 ABC Board have no policy regarding custodial risk for deposits.

At June 30, 2007, the Town's deposits had a carrying amount of \$1,951,216 and a bank balance of \$1,918,629. Of the bank balance, \$478,964 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 \$105 at June 30, 2007. The ABC Board's deposits had a carrying value of \$303,953 and a bank balance of \$298,017 at June 30, 2007. Of the ABC Board's bank balance, \$160,470 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method.

**Investments** - At June 30, 2007, the Town had \$1,253,206 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

**Capital Assets** - Capital asset activity for the year ended June 30, 2007, was as follows:

<b>Primary Government</b>	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balances</b>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,411,100	\$ 485,048	\$ -	\$ 1,896,148
Construction in progress	<u>22,015</u>	<u>432,483</u>	<u>-</u>	<u>454,498</u>
Total capital assets not being depreciated	<u>1,433,115</u>	<u>917,531</u>	<u>-</u>	<u>2,350,646</u>
Capital assets being depreciated:				
Buildings	462,727	38,549	-	501,276
Machinery and equipment	281,090	18,200	-	299,290
Vehicles	288,426	49,983	-	338,409
Infrastructure	<u>494,962</u>	<u>125,697</u>	<u>-</u>	<u>620,659</u>
Total capital assets being depreciated	<u>1,527,205</u>	<u>232,429</u>	<u>-</u>	<u>1,759,634</u>
Less accumulated depreciation for:				
Buildings	130,655	16,500	-	147,155
Machinery and equipment	134,448	28,569	-	163,017
Vehicles	92,563	42,954	-	135,517
Infrastructure	<u>214,050</u>	<u>19,115</u>	<u>-</u>	<u>233,165</u>
Total accumulated depreciation	<u>571,716</u>	<u>107,138</u>	<u>-</u>	<u>678,854</u>
Total capital assets being depreciated, net	<u>955,489</u>			<u>1,080,780</u>
Governmental activities capital assets, net	<u>\$ 2,388,604</u>			<u>\$ 3,431,426</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ <u>598,062</u>	\$ -	\$ -	\$ <u>598,062</u>
Total capital assets not being depreciated	<u>598,062</u>	<u>-</u>	<u>-</u>	<u>598,062</u>
Capital assets being depreciated:				
Buildings and system	4,795,122	130,706	-	4,925,828
Improvements other than buildings	15,980	115,409	-	131,389
Machinery and equipment	182,783	-	-	182,783
Vehicles	<u>60,689</u>	<u>-</u>	<u>-</u>	<u>60,689</u>
Total capital assets being depreciated	<u>5,054,574</u>	<u>246,115</u>	<u>-</u>	<u>5,300,689</u>
Less accumulated depreciation for:				
Buildings and system	1,118,615	111,630	-	1,230,245
Improvements other than buildings	2,307	10,581	-	12,888
Machinery and equipment	41,294	13,296	-	54,590
Vehicles	<u>39,117</u>	<u>7,249</u>	<u>-</u>	<u>46,366</u>
Total accumulated depreciation	<u>1,201,333</u>	<u>142,756</u>	<u>-</u>	<u>1,344,089</u>
Total capital assets being depreciated net	<u>3,853,241</u>			<u>3,956,600</u>
Business-type activities capital assets, net	<u>\$ 4,451,303</u>			<u>\$ 4,554,662</u>

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

Governmental activities:		
General government		\$ 13,613
Public safety		37,333
Transportation		54,960
Parks and recreation		<u>1,232</u>
Total depreciation expense--governmental activities		<u>\$ 107,138</u>
Business-type activities:		
Sewer		\$ 111,168
Festival grounds		<u>31,588</u>
Total depreciation expense--business-type activities		<u>\$ 142,756</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>Useful Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Amount</u>
Land	-	\$ 484,150	\$ -	\$ 484,150
Construction in progress	-	25,000	-	25,000
Store building	30 yrs.	130,545	83,041	47,504
Building improvements	10 yrs.	143,878	13,013	130,865
Office and store equipment	5-10 yrs.	<u>51,288</u>	<u>41,288</u>	<u>10,000</u>
		<u>\$ 834,861</u>	<u>\$ 137,342</u>	<u>\$ 697,519</u>

**B. Liabilities**

Accounts payable and accrued liabilities are composed of the following amounts at June 30, 2007:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>General</u>	<u>Capital Projects</u>	<u>Sewer Fund</u>	<u>Festival Grounds Fund</u>
Payable to vendors	\$ 39,797	\$ 147,200	\$ 12,749	\$ 1,432
Accrued payroll and related liabilities	<u>17,470</u>	<u>-</u>	<u>2,634</u>	<u>-</u>
	<u>\$ 57,267</u>	<u>\$ 147,200</u>	<u>\$ 15,383</u>	<u>\$ 1,432</u>

**Interfund Balances**

At June 30, 2007 the Festival Grounds Fund owed the General Fund \$128,036 for initial construction costs paid by the General Fund on behalf of the Festival Grounds Fund. Management expects that this balance will be repaid in more than one year; therefore, it has been classified as a long-term payable in the Festival Grounds Fund.

**Pension Plan Obligations**

- (1) **Local Governmental Employees' Retirement System** - *Plan Description.* The Town of Maggie Valley 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 Local Governmental Employees' Retirement System 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 6% of their annual covered salary. The Town and the ABC Board are required to contribute at an actuarially determined rate. 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 members and of the Town of Maggie Valley and 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, 2007, 2006, and 2005 were \$43,550, \$37,388, and \$35,514, respectively. The ABC Board’s contributions to LGERS for the years ended June 30, 2007, 2006, and 2005 were \$7,632, \$6,271, and \$7,161, respectively. The contributions made by the Town and the ABC Board equaled the required contributions for each year.

- (2) **Law Enforcement Officers Special Separation Allowance - Plan Description.** The Town of Maggie Valley 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 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2007, 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>8</u>
 Total	 <u><u>10</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 of Maggie Valley is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to pay benefits and administration costs on a pay as you go basis. The Town paid benefits of \$10,200 for the years ended June 30, 2007 and 2006, respectively. The Town’s obligation to make these payments was

established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The Town has chosen not to have an actuarial study performed because the liability is considered to be immaterial.

- (3) **Supplemental Retirement Income Plan for Law Enforcement Officers** - *Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (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.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% 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, 2007, were \$24,619, which consisted of \$14,279 from the Town and \$10,340 from the law enforcement officers.

- (4) **Post-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 Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Currently, the Town has no retirees and terminated employees who are eligible to receive death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's twelve highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$20,000. All death benefit payments are made from the Death Benefit 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 Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. For the fiscal year ended June 30, 2007, the Town made contributions to the State for death benefits of \$378. The Town's required contributions for employees not engaged in law enforcement and for law enforcement officers represented -0% and .14% of covered payroll, respectively.

**Unearned/Deferred Revenues** - The balance in unearned/deferred revenue on the government-wide and fund statements at year-end is composed of the following amounts:

	<u>General Fund</u>	<u>Accrual Adjustments</u>	<u>Government-wide</u>
Prepaid taxes	\$ 9,613	\$ -	\$ 9,613
Taxes receivable	<u>18,565</u>	<u>(18,565)</u>	<u>-</u>
	<u>\$ 28,178</u>	<u>\$ (18,565)</u>	<u>\$ 9,613</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, worker's 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 fiscal years.

The Town of Maggie Valley 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.

Installment Purchases - The Town has entered into several installment purchase contracts. Installment purchase contracts outstanding at June 30, 2007 are as follows:

<u>Financing Agreements</u>	<u>Interest Rate</u>	<u>Date Debt Matures</u>	<u>Amount of Original Debt</u>	<u>Balance at June 30, 2007</u>	
				<u>Governmental Activities</u>	<u>Business-type Activities</u>
Purchase of Police vehicles	3.17%	12/2007	\$ 46,985	\$ 6,204	\$ -
Purchase of Police car	3.26%	01/2009	22,500	9,259	-
Purchase of Police vehicles	3.76%	10/2010	72,590	52,267	-
Purchase of Parham property	3.93%	11/2016	130,000	130,000	-
Purchase of Ford Explorer	3.98%	01/2011	22,766	20,563	-
Purchase of ABC Land	3.93%	12/2021	276,000	276,000	-
Purchase of Police Station	4.03%	01/2027	950,000	950,000	-
Purchase of festival ground property	4.09%	08/2012	400,000	-	242,266
Total				<u>\$ 1,444,293</u>	<u>\$ 242,266</u>

Annual debt service requirements to maturity for installment purchase contracts are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 103,889	\$ 56,954	\$ 43,016	\$ 9,114
2009	97,096	53,068	44,809	7,322
2010	95,434	49,311	46,676	5,454
2011	86,686	45,601	48,621	3,509
2012	76,339	42,463	50,500	1,483
2013 and thereafter	<u>984,849</u>	<u>215,378</u>	<u>8,644</u>	<u>44</u>
Total	<u>\$ 1,444,293</u>	<u>\$ 462,775</u>	<u>\$ 242,266</u>	<u>\$ 29,926</u>

At June 30, 2007, the Town's legal debt margin was \$24,190,000.

Changes in Long-Term Liabilities - Changes in long-term liabilities for the fiscal year ended June 30, 2007, were as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due Within 1-Year</u>
Governmental activities:					
Installment purchase contracts	\$ 101,161	\$ 1,378,766	\$ 35,634	\$ 1,444,293	\$ 103,889
Compensated absences	<u>39,534</u>	<u>28,300</u>	<u>26,324</u>	<u>41,509</u>	<u>23,000</u>
Total governmental activities	<u>\$ 140,695</u>	<u>\$ 1,407,066</u>	<u>\$ 61,958</u>	<u>\$ 1,485,802</u>	<u>\$ 126,889</u>
Business-type activities:					
General obligation bonds payable	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -
Installment purchases	283,561	-	41,295	242,266	43,016
Compensated absences	<u>11,348</u>	<u>9,124</u>	<u>7,238</u>	<u>13,234</u>	<u>6,500</u>
Total business-type activities	<u>\$ 344,909</u>	<u>\$ 9,124</u>	<u>\$ 98,533</u>	<u>\$ 255,500</u>	<u>\$ 49,516</u>

C. **Net Assets** - The portion of net assets invested in capital assets, net of related debt, consists of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of depreciation	\$ 3,431,426	\$ 4,554,662
Less:		
Installment purchase contracts	(1,444,293)	(242,266)
Adjustments:		
Unspent portion of installment purchase contracts	<u>738,928</u>	<u>-</u>
	<u>\$ 2,726,061</u>	<u>\$ 4,312,396</u>

3. **Schedule of Interfund Transfers**

	<b>Transfers</b>	
	<b><u>From</u></b>	<b><u>To</u></b>
Transfers from/to other funds:		
General fund:		
Festival grounds fund	\$ -	\$ 75,766
Sewer fund	125,000	-
Capital projects fund	-	57,221
Sewer fund:		
General fund	-	125,000
Festival grounds fund:		
General fund	75,766	-
Capital projects fund:		
General fund	<u>57,221</u>	<u>-</u>
Total transfers to/from other funds	<u>\$ 257,987</u>	<u>\$ 257,987</u>

Transfers were made from the Sewer Fund to cover administrative costs incurred in the General Fund which benefit the Sewer Fund. Transfers were made from the General Fund to the Festival Grounds Fund to support operations of the festival grounds.

4. **Federal and State Assisted Programs**

The Town has received proceeds from State and federal 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.

## **GOVERNMENTAL FUNDS**

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

**Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources to be used for the acquisition and/or construction of the new police department.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual

For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 1,204,189	\$ 1,230,541	\$ 26,352
Prior years	29,666	31,221	1,555
Penalties and interest	<u>10,000</u>	<u>10,679</u>	<u>679</u>
Total	<u>1,243,855</u>	<u>1,272,441</u>	<u>28,586</u>
Other taxes and licenses:			
Local option sales tax	244,100	276,564	32,464
Privilege licenses	14,051	13,969	(82)
Beer and wine licenses	540	645	105
Cable TV franchise tax	22,365	22,365	-
Utility franchise tax	<u>72,780</u>	<u>96,223</u>	<u>23,443</u>
Total	<u>353,836</u>	<u>409,766</u>	<u>55,930</u>
Unrestricted intergovernmental revenues:			
Beer and wine tax distribution	3,696	5,414	1,718
ABC profit distribution	<u>8,000</u>	<u>-</u>	<u>(8,000)</u>
Total	<u>11,696</u>	<u>5,414</u>	<u>(6,282)</u>
Restricted intergovernmental revenues:			
Safety equipment grant	-	910	910
ABC law enforcement revenues	2,000	-	(2,000)
GHSP Traffic Officer	66,288	66,232	(56)
T-21 Grant	92,000	92,000	-
Powell Bill street aid	31,305	30,653	(652)
Drug Recovery funds	-	620	620
Court/officer fees	<u>1,000</u>	<u>967</u>	<u>(33)</u>
Total	<u>192,593</u>	<u>191,382</u>	<u>(1,211)</u>

(continued)

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual,  
Continued

For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues, Continued:			
Permits and fees:			
Building permits	\$ 86,515	\$ 104,357	\$ 17,842
Zoning permits	11,150	16,975	5,825
Sign permits	2,570	4,486	1,916
Solid waste fee	<u>2,242</u>	<u>2,507</u>	<u>265</u>
Total	<u>102,477</u>	<u>128,325</u>	<u>25,848</u>
Sales and services:			
Rental fees	<u>4,900</u>	<u>5,770</u>	<u>870</u>
Miscellaneous:			
Investment earnings	31,800	53,169	21,369
Other contributions and donations	9,941	10,041	100
Other miscellaneous	<u>12,145</u>	<u>13,929</u>	<u>1,784</u>
Total	<u>53,886</u>	<u>77,139</u>	<u>23,253</u>
Total revenues	<u>1,963,243</u>	<u>2,090,237</u>	<u>126,994</u>
Expenditures:			
General government:			
Administration/governing board:			
Salaries and employee benefits	263,278	259,720	
Professional services	15,200	14,431	
Operating	56,326	42,501	
Capital outlay	<u>549,384</u>	<u>507,597</u>	
Total general government	<u>884,188</u>	<u>824,249</u>	<u>59,939</u>

(continued)

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual,  
Continued

For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures, Continued:			
Public safety:			
Police:			
Salaries and employee benefits	\$ 544,030	\$ 533,751	\$
Operating	129,012	125,655	
Capital outlay	<u>59,204</u>	<u>49,983</u>	
Total	<u>732,246</u>	<u>709,389</u>	<u>22,857</u>
Code enforcement:			
Salaries and employee benefits	57,047	52,433	
Operating	<u>69,919</u>	<u>56,673</u>	
Total	<u>126,966</u>	<u>109,106</u>	<u>17,860</u>
Building inspector:			
Salaries and employee benefits	71,524	69,866	
Professional services	1,000	533	
Operating	<u>30,116</u>	<u>22,493</u>	
Total	<u>102,640</u>	<u>92,892</u>	<u>9,748</u>
Total public safety	<u>961,852</u>	<u>911,387</u>	<u>50,465</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits	117,720	113,281	
Operating	237,841	224,710	
Capital outlay	<u>42,500</u>	<u>34,200</u>	
Total	<u>398,061</u>	<u>372,191</u>	<u>25,870</u>
Powell Bill:			
Operating	16,550	1,957	
Capital outlay	<u>37,500</u>	<u>-</u>	
Total	<u>54,050</u>	<u>1,957</u>	<u>52,093</u>
Total transportation	<u>452,111</u>	<u>374,148</u>	<u>77,963</u>

(continued)

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

General Fund  
Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual,  
Continued

For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures, Continued:			
Parks and recreation:			
Professional services	\$ 2,500	\$ -	\$ 2,500
Operating expenses	8,000	1,350	6,650
Capital outlay	<u>120,000</u>	<u>125,697</u>	<u>(5,697)</u>
Total parks and recreation	<u>130,500</u>	<u>127,047</u>	<u>3,453</u>
Debt service:			
Principal retirement	36,576	35,641	935
Interest and fees	<u>3,568</u>	<u>3,471</u>	<u>97</u>
Total	<u>40,144</u>	<u>39,112</u>	<u>1,032</u>
Total expenditures	<u>2,468,795</u>	<u>2,275,943</u>	<u>192,852</u>
Revenues under expenditures	<u>(505,552)</u>	<u>(185,706)</u>	<u>319,846</u>
Other financing sources:			
Proceeds from installment purchase	428,766	428,766	-
Proceeds from the sale of capital assets	6,000	2,210	(3,790)
Appropriated fund balance	118,533	-	(118,533)
Transfers from (to) other funds:			
Sewer Fund	125,000	125,000	-
Festival Grounds Fund	(102,747)	(75,766)	26,981
Capital Projects Fund	<u>(70,000)</u>	<u>(57,221)</u>	<u>12,779</u>
Total other financing sources	<u>505,552</u>	<u>422,989</u>	<u>(82,563)</u>
Net change in fund balance	\$ <u>-</u>	237,283	\$ <u>237,283</u>
Fund balance:			
Beginning of year		<u>1,083,759</u>	
End of year		\$ <u>1,321,042</u>	

See the accompanying Independent Auditors' Report.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Capital Projects Fund  
 Schedule of Revenues and Expenditures --Budget and Actual

From Inception and For the Year Ended June 30, 2007

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Interest on investments	\$ -	\$ -	\$ 16,990	\$ 16,990	\$ 16,990
Expenditures:					
Professional fees	79,558	-	54,323	54,323	25,235
Construction	914,460	-	354,048	354,048	560,412
Equipment and materials	<u>139,106</u>	<u>-</u>	<u>24,112</u>	<u>24,112</u>	<u>114,994</u>
Total expenditures	<u>1,133,124</u>	<u>-</u>	<u>432,483</u>	<u>432,483</u>	<u>700,641</u>
Revenues under expenditures	<u>(1,133,124)</u>	<u>-</u>	<u>(415,493)</u>	<u>(415,493)</u>	<u>717,631</u>
Other financing sources:					
Debt proceeds	950,000	-	950,000	950,000	-
Transfer from other funds	<u>183,124</u>	<u>-</u>	<u>57,221</u>	<u>57,221</u>	<u>(125,903)</u>
Total	<u>1,133,124</u>	<u>-</u>	<u>1,007,221</u>	<u>1,007,221</u>	<u>(125,903)</u>
Revenues and other financing Sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 591,728</u>	<u>\$ 591,728</u>	<u>\$ 591,728</u>

See the accompanying Independent Auditors' Report.

## **MAJOR ENTERPRISE FUNDS**

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

### **Major Enterprise Funds:**

**Sewer Fund** - accounts for the Town's sewer operation.

**Festival Grounds Fund** - accounts for the rental activities of the Town's festival grounds.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Sewer Fund

Schedule of Revenues and Expenditures--Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Sewer charges	\$ 445,840	\$ 680,437	\$ 234,597
Sewer tap fees	<u>200,000</u>	<u>201,936</u>	<u>1,936</u>
Total operating revenues	<u>645,840</u>	<u>882,373</u>	<u>236,533</u>
Non-operating revenues:			
Interest on investments	21,010	53,494	32,484
Miscellaneous	<u>5,600</u>	<u>5,716</u>	<u>116</u>
Total non-operating revenues	<u>26,610</u>	<u>59,210</u>	<u>32,600</u>
Total revenues	<u>672,450</u>	<u>941,583</u>	<u>269,133</u>
Expenditures:			
Administration:			
Salaries and employee benefits	139,767	133,983	5,784
Contractual services	39,200	38,383	817
Operating	<u>20,210</u>	<u>17,235</u>	<u>2,975</u>
Total	<u>199,177</u>	<u>189,601</u>	<u>9,576</u>
Operations:			
Utilities	55,500	52,344	3,156
Maintenance and repairs	103,990	88,165	15,825
Contractual services	48,200	33,277	14,923
Insurance	9,490	9,490	-
Miscellaneous	<u>25,985</u>	<u>20,296</u>	<u>5,689</u>
Total	<u>243,165</u>	<u>203,572</u>	<u>39,593</u>
Debt service:			
Principal retirement	50,000	50,000	-
Interest and fees	<u>4,600</u>	<u>4,573</u>	<u>27</u>
Total	<u>54,600</u>	<u>54,573</u>	<u>27</u>

(continued)

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Sewer Fund

Schedule of Revenues and Expenditures--Budget and Actual (Non-GAAP), Continued

For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures, Continued:			
Other expenditures:			
Capital outlay	\$ <u>50,508</u>	\$ <u>39,986</u>	\$ <u>10,522</u>
Total expenditures	<u>547,450</u>	<u>487,732</u>	<u>59,718</u>
Excess of revenues over expenditures	125,000	453,851	328,851
Other financing sources (uses):			
Transfers to other funds	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
Revenues and other financing sources over expenditures	\$ <u>-</u>	328,851	\$ <u>328,851</u>
Reconciliation from modified accrual to full accrual:			
Reconciling items:			
Principal retirement		50,000	
Capital outlay		39,986	
Depreciation		<u>(111,168)</u>	
Change in net assets		\$ <u>307,669</u>	

See the accompanying Independent Auditors' Report.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Festival Grounds Fund  
Schedule of Revenues and Expenditures--Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Rental fees	\$ 7,700	\$ 7,000	\$ (700)
Non-operating revenues:			
Interest on investments	10,000	3,778	(6,222)
Miscellaneous	2,000	4,232	2,232
Private donations	153,152	153,252	100
Total non-operating revenues	<u>165,152</u>	<u>161,262</u>	<u>(3,890)</u>
Total revenues	<u>172,852</u>	<u>168,262</u>	<u>(4,590)</u>
Expenditures:			
Operations:			
Maintenance and repairs	9,761	8,515	1,246
Contractual services	15,759	14,682	1,077
Insurance and bonding	4,041	4,041	-
Utilities	6,704	4,976	1,728
Supplies	1,750	1,291	459
Miscellaneous	4,194	3,494	700
Total	<u>42,209</u>	<u>36,999</u>	<u>5,210</u>
Debt service:			
Principal	41,395	41,295	100
Interest expense	10,835	10,835	-
Total debt service	<u>52,230</u>	<u>52,130</u>	<u>100</u>
Other expenditures:			
Capital outlay	<u>181,160</u>	-	<u>181,160</u>
Total expenditures	<u>275,599</u>	<u>89,129</u>	<u>186,470</u>
Revenues over (under) expenditures	(102,747)	79,133	181,880

(continued)

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Festival Grounds Fund  
Schedule of Revenues and Expenditures--Budget and Actual (Non-GAAP)

For the Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Transfers and capital contributions:			
Transfer from funds	\$ <u>102,747</u>	\$ <u>75,766</u>	\$ <u>(26,981)</u>
Revenues and other financing sources over expenditures	\$ <u>          -</u>	154,899	\$ <u>154,899</u>
Reconciliation from modified accrual basis to full accrual basis:			
Reconciling items:			
Principal retirement		41,295	
Depreciation		<u>(31,588)</u>	
Change in net assets		\$ <u>164,606</u>	

See the accompanying Independent Auditors' Report.

## **OTHER SUPPLEMENTAL INFORMATION**

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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, 2007

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2006</u>	<u>Additions</u>	<u>Collections and Adjustments</u>	<u>Uncollected Balance June 30, 2007</u>
2006-2007	\$ -	\$ 1,269,975	\$ 1,257,659	\$ 12,316
2006-2006	7,812	-	3,469	4,343
2004-2005	3,087	-	398	2,689
2003-2004	4,181	-	1,609	2,572
2002-2003	3,052	-	973	2,079
2001-2002	3,124	-	910	2,214
2000-2001	5,398	-	480	4,918
1999-2000	6,377	-	832	5,545
1998-1999	1,526	-	423	1,103
1997-1998	2,001	-	215	1,786
1996-1997	<u>1,886</u>	<u>-</u>	<u>1,886</u>	<u>-</u>
	<u>\$ 38,444</u>	<u>\$ 1,269,975</u>	<u>\$ 1,268,854</u>	39,565
Less: Allowance for uncollectible ad valorem taxes receivable				<u>(21,000)</u>
Ad valorem taxes receivable--net				<u>\$ 18,565</u>
Reconcilement with revenues:				
Taxes, net ad valorem--General Fund				\$ 1,272,441
Reconciling items:				
Amounts written off for tax year 1996-1997 per statute of limitations				1,886
Prior year releases, refunds and other adjustments				<u>5,206</u>
Less:				
Interest and penalties collected				<u>(10,679)</u>
Total collections and adjustments				<u>\$ 1,268,854</u>

See the accompanying Independent Auditors' Report.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Analysis of Current Tax Levy

For the Year Ended June 30, 2007

	<u>Town Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy:					
Property taxed at current year's rate	\$ 290,692,619	\$ 0.42	\$ 1,220,909	\$ 1,182,252	\$ 38,657
Penalties			2,524	2,524	-
Discoveries:					
Current year taxes	11,682,381	0.42	49,066	49,066	-
Abatements	<u>-</u>		<u>(2,524)</u>	<u>(1,864)</u>	<u>(660)</u>
Total property valuation	<u>\$ 302,375,000</u>				
Net levy			1,269,975	1,231,978	37,997
Uncollected taxes at June 30, 2007			<u>(12,316)</u>	<u>(8,008)</u>	<u>(4,308)</u>
Current year's taxes collected			<u>\$ 1,257,659</u>	<u>\$ 1,223,970</u>	<u>\$ 33,689</u>
Percent current year collected			<u>99.03%</u>	<u>99.35%</u>	<u>88.66%</u>

See the accompanying Independent Auditors' Report.

## STATISTICAL SECTION

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

### Financial Trends

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

### Revenue Capacity

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

### Debt Capacity

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

### Demographic and Economic Information

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

### Operating Information

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

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Net Assets by Category

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Governmental Activities</u>			
	<u>Invested in Capital Assets Net of Related Debt</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
1998	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A
2000	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A
2004	\$ 2,192,691	\$ -	\$ 666,982	\$ 2,859,673
2005	2,257,761	51,370	732,461	3,041,592
2006	2,287,443	75,086	994,583	3,357,112
2007	2,726,061	107,626	1,043,272	3,876,959

Source: Town of Maggie Valley Financial Statements.

N/A - Information not available for Phase 3 governments prior to the implementation of GASB 34.

<b>Business-Type Activities</b>			<b>Primary Government</b>			
<b>Invested in Capital Assets Net of Related Debt</b>			<b>Invested in Capital Assets Net of Related Debt</b>			
<b>Unrestricted</b>	<b>Total</b>		<b>Restricted</b>	<b>Unrestricted</b>	<b>Total</b>	
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$ 4,008,528	\$ 692,489	\$ 4,701,017	\$ 6,201,219	\$ -	\$ 1,359,471	\$ 7,560,690
4,103,431	827,016	4,930,447	6,361,192	51,370	1,559,477	7,972,039
4,117,742	1,008,826	5,126,568	6,405,185	75,086	2,003,409	8,483,680
4,312,396	1,286,447	5,598,843	7,038,457	107,626	2,329,719	9,475,802

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Revenues--Primary Government

Last Ten Fiscal Years

**Governmental Activities**

<u>Fiscal Year Ended June 30,</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Property Taxes</u>	<u>Other Taxes</u>	<u>Grants and Contributions Not Restricted to Specific Programs</u>	<u>Other</u>
1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	\$ 108,890	\$ 68,910	\$ 7,494	\$ 708,226	\$ 160,203	\$ 407,517	\$ 163,772
2005	154,323	49,901	26,674	827,297	258,594	164,241	34,854
2006	192,617	32,573	-	907,269	289,588	114,297	30,588
2007	135,062	97,795	92,000	1,265,562	415,173	26,800	70,159

Source: Town of Maggie Valley Financial Statements.

N/A - Information not available for Phase 3 governments prior to the implementation of GASB 34.

### Business-type Activities

<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	<u>Other</u>	<u>Total Primary Government</u>
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
\$ 550,031	\$ 416,644	\$ (126,162)	\$2,465,525
662,684	100,663	3,479	2,282,710
739,692	-	82,972	2,389,596
889,373	-	220,472	3,212,396

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Expenses--Primary Government

Last Ten Fiscal Years

<b>Fiscal Year Ended June 30,</b>	<b>Governmental Activities</b>						<b>Interest on Long-term Debt</b>
	<b><u>General Government</u></b>	<b><u>Public Safety</u></b>	<b><u>Transportation</u></b>	<b><u>Environmental Protection</u></b>	<b><u>Parks and Recreation</u></b>		
1998	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2000	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2004	\$ 326,455	\$ 571,171	\$ 260,394	\$ 52,437	\$ 6,820	\$ 3,880	
2005	407,060	623,582	240,068	56,779	3,797	2,679	
2006	325,319	670,313	228,781	55,837	45,230	3,068	
2007	333,472	898,737	277,387	62,561	56,310	3,471	

Source: Town of Maggie Valley Financial Statements.

N/A - Information not available for Phase 3 governments prior to the implementation of GASB 34.

**Business-type Activities**

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<u>Sewer</u>	<u>Festivals</u>	<u>Other</u>	<u>Total Primary Government</u>
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
\$ 443,827	\$ 42,377	\$ -	\$ 1,707,361
484,857	52,539	-	1,871,361
500,762	48,645	-	1,877,955
508,914	79,422	-	2,220,274

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Changes in Net Assets

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<b>Governmental Activities</b>			
	<u>Total Revenues</u>	<u>Total Expenses</u>	<u>Transfers In (Out)</u>	<u>Net Change</u>
1998	N/A	N/A	N/A	N/A
1999	N/A	N/A	N/A	N/A
2000	N/A	N/A	N/A	N/A
2001	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A
2003	N/A	N/A	N/A	N/A
2004	\$ 1,484,741	\$ 1,221,157	\$ 140,271	\$ 403,855
2005	1,493,584	1,333,965	22,300	181,919
2006	1,566,932	1,328,548	77,136	315,520
2007	2,102,551	1,631,938	49,234	519,847

Source: Town of Maggie Valley Financial Statements.

N/A - Information not available for Phase 3 governments prior to the implementation of GASB 34.

<b>Business-type Activities</b>				<b>Primary Government</b>		
<u>Total Revenues</u>	<u>Total Expenses</u>	<u>Transfers In (Out)</u>	<u>Net Change</u>	<u>Total Revenues</u>	<u>Total Expenses</u>	<u>Net Change</u>
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
\$ 980,784	\$ 486,204	\$ (140,271)	\$ 354,309	\$ 2,465,525	\$ 1,707,361	\$ 758,164
789,126	537,396	(22,300)	229,430	2,282,710	1,871,361	411,349
822,664	549,407	(77,136)	196,121	2,389,596	1,877,955	511,641
1,109,845	588,336	(49,234)	472,275	3,212,396	2,220,274	992,122

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

## Fund Balances--Governmental Funds

## Last Ten Fiscal Years

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>General Fund</u>			<u>Other Governmental Funds</u>			
	<u>Reserved</u>	<u>Unreserved</u>	<u>Total</u>	<u>Reserved</u>	<u>Unreserved Reported in Special Revenue Funds</u>	<u>Unreserved Reported in Capital Project Funds</u>	<u>Total</u>
1998	\$ 117,882	\$ 401,788	\$ 519,670	\$ -	\$ -	\$ -	\$ -
1999	156,937	472,847	629,784	-	-	-	-
2000	114,827	554,015	668,842	-	-	-	-
2001	300,588	401,062	701,650	-	-	-	-
2002	137,823	439,211	577,034	-	-	-	-
2003	96,544	308,959	405,503	-	-	-	-
2004	166,296	456,962	623,258	-	-	-	-
2005	212,331	546,144	758,475	-	-	-	-
2006	237,814	845,945	1,083,759	-	-	-	-
2007	347,405	973,637	1,321,042	-	-	591,728	1,912,770

Source: Town of Maggie Valley Financial Statements.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Revenues--Governmental Funds

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Property Taxes</u>	<u>Other Taxes and Licenses</u>	<u>Inter- governmenta l Revenue</u>	<u>Permits and Fees</u>	<u>Sales and Services</u>	<u>Miscellaneous</u>	<u>Total</u>
1998	\$ 347,444	\$ 99,232	\$ 150,162	\$ 12,813	\$ 4,240	\$ 50,981	\$ 664,872
1999	409,429	149,835	115,728	6,301	3,510	46,705	731,508
2000	401,150	172,863	105,651	468	3,405	41,937	725,474
2001	471,426	190,017	109,430	320	3,290	60,989	835,472
2002	531,256	156,866	105,262	3,580	2,040	81,067	880,071
2003	607,921	201,145	234,141	53,703	6,100	58,800	1,161,810
2004	725,290	229,467	229,708	102,651	5,400	165,777	1,458,293
2005	840,507	331,128	152,221	149,707	4,065	20,980	1,498,608
2006	936,335	363,282	40,263	187,372	4,278	66,908	1,598,438
2007	1,272,441	409,766	196,796	128,325	5,770	94,129	2,107,227

Source: Town of Maggie Valley Financial Statements.

# TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## Expenditures--Governmental Funds

### Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Transportation</u>	<u>Parks and Recreation</u>
1998	\$ 190,713	\$ 252,584	\$ 120,462	\$ -
1999	234,075	241,250	152,945	17,471
2000	205,828	349,943	158,032	37,689
2001	258,252	347,223	200,226	27,542
2002	341,824	426,358	198,003	41,150
2003	246,071	447,271	391,254	792
2004	310,253	550,598	283,428	5,588
2005	397,499	601,958	262,196	2,565
2006	307,977	636,858	281,622	3,006
2007	316,652	861,404	339,948	1,350

Source: Town of Maggie Valley Financial Statements.

N/A - Capital outlay expenditures were not separately reported prior to 2003.

<u>Capital Outlay</u>	<u>Debt Service</u>	<u>Total</u>	<u>Debt Service as a % of Non-capital Expenditures</u>
N/A	\$ 25,743	\$ 589,502	N/A
N/A	29,338	675,079	N/A
N/A	44,347	795,839	N/A
N/A	56,878	890,121	N/A
N/A	60,192	1,067,527	N/A
\$ 228,381	49,073	1,362,842	4.52%
240,858	45,869	1,436,594	3.99%
111,156	38,817	1,414,191	3.07%
157,333	42,084	1,428,880	3.42%
1,149,960	39,112	2,708,426	2.57%

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

## Changes in Fund Balances--Governmental Funds

## Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>Expenditures</u>	<u>Other</u> <u>Financing</u> <u>Sources (Uses)</u>	<u>Net</u> <u>Change</u>
1998	\$ 664,872	\$ 589,502	\$ -	\$ 75,370
1999	731,508	675,079	-	56,429
2000	725,474	795,839	-	(70,365)
2001	835,472	890,121	-	(54,649)
2002	880,071	1,067,527	62,840	(124,616)
2003	1,161,810	1,362,842	29,501	(171,531)
2004	1,458,293	1,436,594	196,056	217,755
2005	1,498,608	1,414,191	50,800	135,217
2006	1,598,438	1,428,880	155,726	325,284
2007	2,107,227	2,708,426	1,430,210	829,011

Source: Town of Maggie Valley Financial Statements.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

## Assessed Value and Estimated Actual Value of Taxable Property

## Last Ten Fiscal Years

<b><u>Fiscal Year Ended June 30,</u></b>	<b><u>Real Property</u></b>	<b><u>Personal Property</u></b>	<b><u>Public Service Companies</u></b>	<b><u>Less: Tax Exempt Property</u></b>	<b><u>Total Taxable Assessed Value</u></b>	<b><u>Total Direct Tax Rate</u></b>
1998	\$ 99,987,486	\$ 6,317,046	\$ 1,207,863	\$ (329,411)	\$ 107,182,984	\$ 0.36
1999	103,819,315	8,739,806	1,236,009	(572,373)	113,222,757	0.36
2000	108,888,397	8,399,409	929,106	(574,679)	117,642,233	0.40
2001	110,767,810	9,000,348	932,710	(556,868)	120,144,000	0.45
2002	111,546,346	9,852,019	964,902	(298,751)	122,064,516	0.39
2003	136,222,380	20,646,671	1,305,091	(486,535)	157,687,607	0.39
2004	168,649,242	11,250,166	1,477,979	(952,772)	180,424,615	0.39
2005	191,887,476	13,536,020	1,398,027	(1,105,882)	205,715,641	0.39
2006	198,515,560	12,315,527	2,270,596	(926,935)	212,174,748	0.42
2007	288,438,715	12,775,222	2,427,015	(1,265,952)	302,375,000	0.42

Source: Haywood County Tax Listing Office.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

## Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years (rate per \$100 of assessed value)

<b><u>Fiscal Year Ended June 30,</u></b>	<b><u>Haywood</u></b> <b><u>County</u></b>	<b><u>Town of</u></b> <b><u>Maggie Valley</u></b>	<b><u>Fire District</u></b>
1998	\$ 0.61	\$ 0.33	\$ 0.045
1999	0.61	0.36	0.045
2000	0.61	0.36	0.050
2001	0.61	0.40	0.050
2002	0.61	0.45	0.050
2003	0.61	0.39	0.050
2004	0.61	0.39	0.050
2005	0.61	0.39	0.050
2006	0.61	0.42	0.050
2007	0.497	0.42	0.050

Source: Haywood County Tax Collections Office.

## TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## Principal Property Tax Payers

## Current Year and Nine Years Ago

2007			1998		
<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total County Taxable Assessed Value</u>	<u>Taxpayer</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total County Taxable Assessed Value</u>
Maggie Valley Resort	\$ 9,115,490	3.99%	Oppenheimer HPA	\$ 5,533,594	5.61%
J. Coburn, Inc.	4,616,361	2.02%	J. Corburn, Inc.	3,583,366	3.63%
Peppertree	3,691,165	1.62%	MV Investments	3,001,276	3.04%
Stonebridge LLC	3,649,040	1.60%	Ernest Ulmer	2,492,067	2.53%
Maggie Valley Investors	2,451,940	1.07%	Peppertree	2,369,069	2.40%
Phoenix Ski Corporation	2,422,941	1.06%	William Shephard	1,654,991	1.68%
Taylor Toggs	2,379,111	1.04%	Alaska Pressley	1,152,473	1.17%
Jeffrey Smith	2,347,290	1.03%	Frances Dingus	1,133,939	1.15%
DAHI Inc	2,249,750	0.99%	James Lindsey	1,112,502	1.13%
DMR Lodging	<u>1,994,610</u>	0.87%	Twinbrook	<u>1,074,291</u>	1.09%
Total	<u>\$34,917,698</u>	15.30%	Total	<u>\$23,107,568</u>	23.43%

Source: Haywood County Tax Assessor's Office.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

## Property Tax Levies and Collections

## Last Ten Fiscal Years

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected Within the Fiscal Year of the Levy</b>		<b>Current Uncollected Balance</b>	<b>Collected in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>Percentage of Levy</b>			<b>Amount</b>	<b>Percentage of Levy</b>
1998	\$ 353,703	\$ 333,256	94.22%	\$ 1,786	\$ 18,661	\$ 351,917	99.50%
1999	407,195	392,933	96.50%	1,103	13,159	406,092	99.73%
2000	423,512	396,513	93.62%	5,545	21,454	417,967	98.69%
2001	480,576	463,638	96.48%	4,918	12,020	475,658	98.98%
2002	549,290	529,320	96.36%	2,214	17,756	547,076	99.60%
2003	616,993	584,923	94.80%	2,079	29,991	614,914	99.66%
2004	703,539	680,674	96.75%	2,572	20,293	700,967	99.63%
2005	852,469	829,124	97.26%	2,689	20,656	849,780	99.68%
2006	887,812	880,000	99.12%	4,343	3,469	883,469	99.51%
2007	1,269,975	1,257,659	99.03%	12,316	-	1,257,659	99.03%

Source: Town of Maggie Valley Financial Statements.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year Ended <u>June 30,</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total Primary Governmen t</u>	<u>Per Capita (a)</u>
	<u>Installment Loans</u>	<u>Notes Payable</u>	<u>General Obligation Bonds</u>	<u>Installment Loan</u>		
1998	\$ 61,994	\$ -	\$ 450,000	\$ 20,742	\$ 532,736	\$ 832
1999	87,867	15,439	400,000	358,394	861,700	1,346
2000	98,642	8,918	350,000	246,416	703,976	1,100
2001	97,009	1,855	300,000	126,662	525,526	821
2002	93,978	-	250,000	27,039	371,017	580
2003	76,230	-	200,000	418,376	694,606	1,085
2004	81,226	-	150,000	373,918	605,144	766
2005	67,588	-	100,000	329,591	497,179	442
2006	101,161	-	50,000	283,561	434,722	381
2007	1,444,293	-	-	242,266	1,686,559	1,408

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

(a) See demographics and economic statistics section for population data.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

## Legal Debt Margin Information

Last Ten Fiscal Years

<b><u>Fiscal Year Ended June 30,</u></b>	<b><u>Debt Limit</u></b>	<b><u>Total Debt Applicable to Limit</u></b>	<b><u>Legal Debt Margin</u></b>	<b><u>Total Debt as a Percentage of Debt Limit</u></b>
1998	\$ 8,574,639	\$ 450,000	\$ 8,124,639	5.25%
1999	9,057,821	400,000	8,657,821	4.42%
2000	9,411,379	350,000	9,061,379	3.72%
2001	9,611,520	300,000	9,311,520	3.12%
2002	9,085,994	250,000	8,835,994	2.75%
2003	12,615,009	200,000	12,415,009	1.59%
2004	14,431,569	150,000	14,281,569	1.04%
2005	16,457,251	100,000	16,357,251	0.61%
2006	16,973,980	50,000	16,923,980	0.29%
2007	24,190,000	-	24,190,000	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2007**

Assessed value	\$ <u>302,375,000</u>
Debt limit (8% of assessed value)	\$ <u>24,190,000</u>
Legal debt margin	\$ <u>24,190,000</u>

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Demographic and Economic Statistics

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30.</u>	<u>Population</u>	<u>Personal Income<sup>(1)</sup></u>	<u>(County) Per Capita Personal Income<sup>(1)</sup></u>	<u>Median Age<sup>(1)</sup></u>	<u>Town's School Enrollment<sup>(2)</sup></u>	<u>(County) Unemployment Rate<sup>(3)</sup></u>
1998	640	\$ 23,059	\$ 18,252	39.86	470	6.4%
1999	640	23,734	19,891	39.86	435	4.4%
2000	640	24,000	21,694	42.30	457	4.0%
2001	640	24,480	21,494	42.30	423	4.6%
2002	640	25,119	22,571	42.30	414	5.8%
2003	640	25,896	23,243	42.30	403	6.6%
2004	790	26,312	24,261	42.30	387	4.3%
2005	1,125	27,352	24,324	42.30	400	4.3%
2006	1,142	28,132	25,346	42.30	412	4.0%
2007	1,198	29,380	unavailable	42.30	427	4.0%

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

<sup>(2)</sup>Haywood County Schools

<sup>(3)</sup>Employment Security Commission

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

## Ten Principal Employers (Haywood County)

Current Year and One Year Ago\*

	2007		2006	
	<u>Number of Employees<sup>(1)</sup></u>	<u>% of Total County Employment<sup>(2)</sup></u>	<u>Number of Employees<sup>(1)</sup></u>	<u>% of Total County Employment<sup>(2)</sup></u>
Haywood County Consolidated Schools	1,432	5.22%	1,280	4.68%
Blue Ridge Paper Products, Inc.	1,014	3.70%	1,383	5.06%
Haywood Regional Medical Centers	970	5.54%	976	3.57%
Haywood County	600	2.19%	573	2.09%
Ingles Markets, Inc.	388	1.41%	388	1.42%
Wal-Mart Associates, Inc.	375	1.37%	325	1.19%
Haywood Community College	289	1.05%	397	1.45%
Haywood Vocation Opportunities	262	0.96%	263	.96%
Town of Waynesville	229	0.83%	227	.83%
Lowes Home Center, Inc.	<u>175</u>	<u>0.64%</u>	<u>220</u>	.80%
Totals	<u>5,734</u>	<u>22.91%</u>	<u>6,032</u>	<u>22.05%</u>

\*Information prior to 2006 is not available.

Source:

<sup>(1)</sup>Human Resource Department of companies

<sup>(2)</sup>Top ten employers and county employment of \$27,433 is from Employment Security Commission of North Carolina.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

## Full-time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General government:										
Management services	1	1	1	1	1	1	1	1	1	1
Finance	1	1	1	1	1	1	1	1	1	1
Planning	-	-	-	1	1	1	1	1	1	1
Building	-	-	-	-	-	1	1	1	1	1
Other	1	1	3	3	3	3	3	3	3	3
Police:										
Officers	6	6	6	6	6	6	6	6	7	8
Other public works:										
Other	2	2	3	3	3	3	2	2	2	3
Wastewater	1	1	1	1	2	2	2	2	2	2
<b>Total</b>	<b>12</b>	<b>12</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>20</b>

Source: Various departments of the Town.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

Construction Statistics

Current Year and Nine Years Ago

<u>Fiscal Year Ended June 30,</u>	<u>Commercial Construction</u>		<u>Residential Construction</u>	
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>
1998	Unavailable	Unavailable	Unavailable	Unavailable
1999	9	\$ 719,000	13	\$ 545,200
2000	8	724,600	21	1,181,682
2001	14	2,796,750	20	2,709,460
2002	9	770,540	32	2,053,550
2003	2	3,203	17	374,000
2004	5	845,000	60	11,992,158
2005	4	595,000	87	16,402,000
2006	14	7,306,000	117	22,959,000
2007	18	4,720,200	89	17,007,200

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

## Operating Indicators by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police:										
Physical arrests	196	293	244	196	91	124	172	143	135	397
Traffic violations	322	399	241	175	143	167	287	172	113	630
Refuse collection:										
Refuse collected (tons per day)	0.00	0.00	0.00	0.00	0.00	3.90	4.85	4.73	5.71	6.13
Recyclables collected (tons per day)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.58
Other public works:										
Street resurfacing (miles)	0.10	0.10	0.10	0.10	0.30	0.40	0.10	0.20	0.00	0.05
Potholes repaired	5.00	5.00	5.00	5.00	10.00	10.00	15.00	25.00	30.00	60.00
Wastewater:										
Average daily sewage treatment (thousands of gallons)	0.308	0.314	0.355	0.344	0.346	0.386	0.385	0.375	0.379	0.325

Source: Various departments of the Town.

**TOWN OF MAGGIE VALLEY, NORTH CAROLINA**

## Capital Asset and Infrastructure Statistics by Function/Program

Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Zone offices	1	1	1	1	1	1	1	1	1	1
Patrol units	5	6	6	6	7	7	7	8	8	8
Fire stations	1	1	1	1	1	1	1	1	1	1
Refuse collection:										
Collection units	-	-	-	-	-	-	-	-	-	-
Other public works:										
Streets (miles)	0.41	0.41	0.41	0.66	1.15	1.15	1.92	2.10	2.27	4.38
Highways (miles)	5	5	5	5	5	5	5	5	5	5.00
Streetlights	150	150	150	150	160	170	180	184	215	258
Traffic signals	1	1	2	2	2	2	2	2	2	2
Parks and recreation:										
Acreage	1.54	1.54	1.54	1.54	10.74	10.74	10.74	10.74	10.74	11.60
Playgrounds	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Wastewater:										
Sanitary sewers (miles)	27	27	28	30	32	35	35	35.9	41.1	42.7
Treatment capacity (thousands of gallons)	750	750	750	750	750	750	750	750	750	750

Source: Various departments of the Town.

## **COMPLIANCE SECTION**

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregated remaining fund information of the Town of Maggie Valley, North Carolina (the Town), as of and for the year ended June 30, 2007, which collectively comprises the Town's basic financial statements and have issued our report thereon dated November 8, 2007. 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. The financial statements of the Town of Maggie Valley ABC Board were not audited in accordance with Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in

To the Honorable Mayor and Members of the  
Board of Aldermen  
Town of Maggie Valley, North Carolina  
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accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

This report is intended for the information and use of the governing board, management, federal and State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

November 8, 2007

*Dixon Hughes PLLC*

## TOWN OF MAGGIE VALLEY, NORTH CAROLINA

## Schedule of Expenditures of Federal and State Awards

For the Year Ended June 30, 2007

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA No. or Grant No.</u>	<u>Federal</u>	<u>State</u>
<b>Federal Awards:</b>			
<u>U. S. Department of Transportation</u>			
Passed through the N.C. Department of Transportation:			
Highway Planning and Construction Grant	20.205	\$ 92,000	\$ -
Passed through the Governor's Highway Safety Program:			
State and Community Highway Safety Grant	20.600	67,312	-
<b>State Grants:</b>			
<u>N.C. Department of Transportation</u>			
Powell Bill	-	-	1,958
Total Federal and State Awards		\$ <u>159,312</u>	\$ <u>1,958</u>

## NOTE TO THE PRECEDING SCHEDULE:

The Schedule of Expenditures of Federal and State Awards includes the federal and state grant activity of the Town of Maggie Valley and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule will differ from amounts presented in, or used in, the preparation of the financial statements.

See the accompanying Independent Auditors' Report.