

**VILLAGE OF MARVIN,
NORTH CAROLINA**

Financial Statements

June 30, 2015

Village Council Members

Joseph E. Pollino, Jr., Mayor

Brian Beaty, Mayor Pro Tem

Christina Frazzini

Lanny Openshaw

Ross Overby

Administrative and Financial Staff

Lisa Thompson, Town Administrator

Mary Carolyn Titus, Finance Officer

Nancy Schneeberger, Tax Collector

Village of Marvin, North Carolina
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June 30, 2015

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Financial Section

TINSLEY & TERRY, CPAs, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable Mayor
And Members of the Village Council
Marvin, North Carolina

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining funds information of the Village of Marvin, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Marvin, North Carolina as of June 30, 2015, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Village of Marvin. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Tinsley & Terry, CPAs, P.A.

Tinsley & Terry, CPAs, P.A.
Cornelius, North Carolina
October 29, 2015

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Village of Marvin, we offer readers of the Village of Marvin's financial statements this narrative overview and analysis of the financial activities of the Village of Marvin for the fiscal year ended June 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Village's financial statements, which follow this narrative.

Financial Highlights

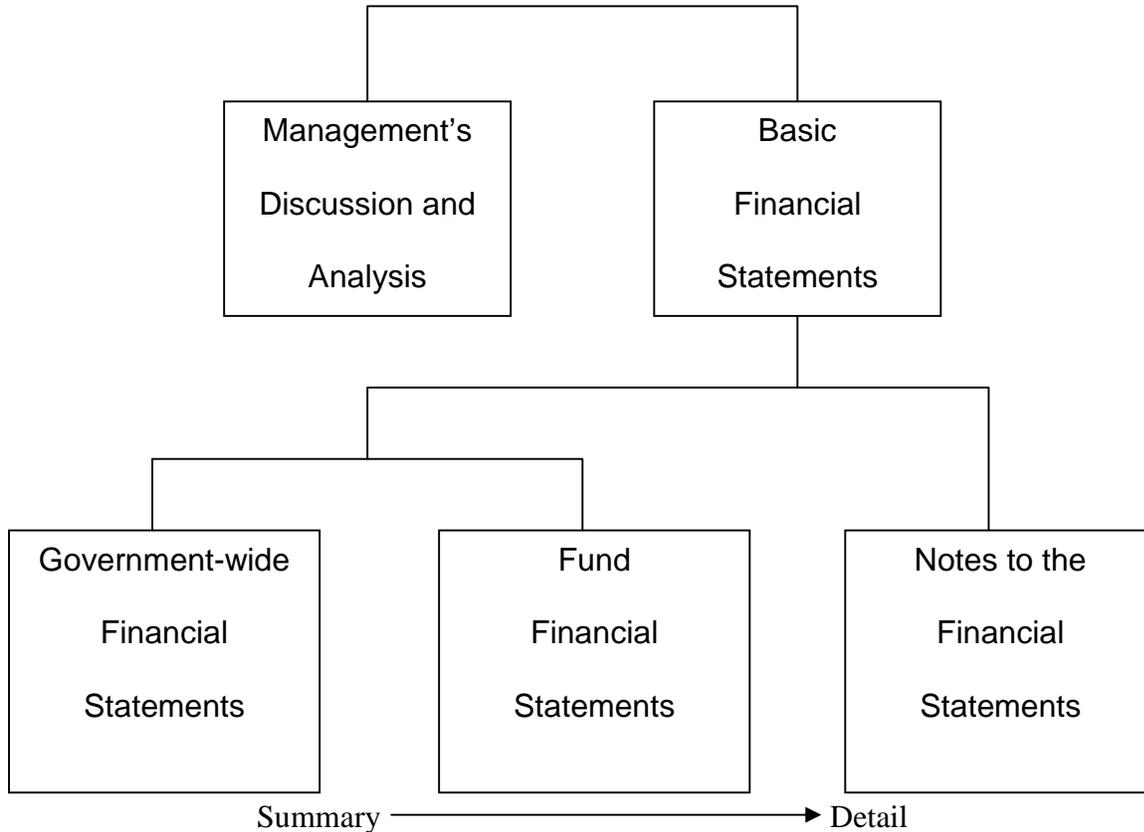
- The assets and deferred outflows of resources of the Village of Marvin exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,873,274 (*net position*).
- The government's total net position increased by \$139,308, primarily due to increased collections of property taxes, sales and use taxes, and motor vehicle taxes, coupled with diligent expenditure containment strategies.
- As of the close of the current fiscal year, the Village of Marvin's governmental funds reported combined ending fund balances of \$1,939,580, with a net increase of \$89,606 in fund balance from current year operations and \$24,314 from a prior period adjustment. Approximately 2.3% of this total amount, or \$45,416, is non-spendable or restricted.
- The Village Council has assigned all fund balance in the General Fund after non-spendable, restrictions, and commitments have taken place.
- The Village of Marvin's total debt decreased by \$107,143 (26.7%) during the current fiscal year as a result of principal payments.
- The Village Council approved discontinuing Powell Bill operations as of July 1, 2014, and refunded all Powell Bill monies held totaling \$239,483 to the State during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Village of Marvin's basic financial statements. The Village'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 Village 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 Village of Marvin.

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 Village's financial status.

The next statements (Exhibits 3 through 5) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Village's government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison 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 Village's individual funds. Budgetary information required by the North Carolina 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 Village'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 Village's financial status as a whole.

The two government-wide statements report the Village's net position and how it has changed. Net position is the difference between the Village's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Village'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 Village's basic services such as public safety, parks and recreation, and general administration. Property taxes finance most of these activities. The Village has no business-type activities or component units.

The government-wide financial statements are Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Village'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 Village of Marvin, 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 Village's budget ordinance. The Village only has one fund – the governmental fund.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Village'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* which 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 Village's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Village of Marvin adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Village, the management of the Village, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Village to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund

Management Discussion and Analysis
 Village of Marvin

demonstrates how well the Village complied with the budget ordinance and whether or not the Village 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.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 7 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Village of Marvin’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 22 of this report.

Interdependence with Other Entities: The Village depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Village is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

Government-Wide Financial Analysis

Village of Marvin’s Net Position

Figure 2

| | Governmental Activities | | Total | |
|--|----------------------------|--------------|--------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| Current and other assets | \$ 2,149,239 | \$ 1,861,359 | \$ 2,149,239 | \$ 1,861,359 |
| Capital assets | 3,235,667 | 3,307,198 | 3,235,667 | 3,307,198 |
| Deferred outflows of resources | 15,179 | - | 15,179 | - |
| Total assets and deferred outflows of resources | 5,400,085 | 5,168,557 | 5,400,085 | 5,168,557 |
| Long-term liabilities outstanding | 178,571 | 285,714 | 178,571 | 285,714 |
| Other liabilities | 306,437 | 145,091 | 306,437 | 145,091 |
| Deferred inflows of resources | 41,803 | - | 41,803 | - |
| Total liabilities and deferred inflows of resources | 526,811 | 430,805 | 526,811 | 430,805 |
| Net position: | | | | |
| Net investment in capital assets | 2,949,953 | 2,914,341 | 2,949,953 | 2,914,341 |
| Restricted | 44,047 | 251,263 | 44,047 | 251,263 |
| Unrestricted | 1,879,274 | 1,572,148 | 1,879,274 | 1,572,148 |
| Total net position | \$ 4,873,274 | \$ 4,737,752 | \$ 4,873,274 | \$ 4,737,752 |

Management Discussion and Analysis
Village of Marvin

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Village of Marvin exceeded liabilities and deferred inflows by \$4,873,274 as of June 30, 2015. The Village's net position increased by \$139,308 for the fiscal year ended June 30, 2015. However, the largest portion (61%) reflects the Village's net investment in capital assets. This consists primarily of right-of-way easements obtained for greenways and trails, land donated, park land purchased, and a portion of the Marvin Community Loop. The Village of Marvin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Marvin's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Village of Marvin's net position, \$44,047, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,879,274 is unrestricted. The Village of Marvin implemented GASB Statement 68 this year. With the new reporting change, the Village is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$28,101. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Village of Marvin's management. Also, the Village determined during the year that certain unrestricted intergovernmental revenues which were subject to accrual in the General Fund as of June 30, 2014 on the modified accrual basis of accounting, were omitted. An adjustment to beginning fund balance resulted in a net increase of \$24,314.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.87%. The statewide average in fiscal year 2015 was 98.34%.
- Increase in unrestricted intergovernmental revenues over prior years.
- Decrease in general government expenditures over prior years.
- Continued reduction of debt through installment payments without incurring additional debt.

(continued on next page)

**Village of Marvin's Changes in Net Position
Figure 3**

| | Governmental Activities | | Total | |
|--|-------------------------|---------------------|---------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 40,406 | \$ 75,928 | \$ 40,406 | \$ 75,928 |
| Operating grants and contributions | 10,173 | - | 10,173 | - |
| Capital grants and contributions | - | 122,524 | - | 122,524 |
| General revenues: | | | | |
| Property taxes | 558,650 | 550,846 | 558,650 | 550,846 |
| Other taxes | 474,909 | 447,593 | 474,909 | 447,593 |
| Grants and contributions not restricted to specific programs | - | - | - | - |
| Other | 8,808 | 7,473 | 8,808 | 7,473 |
| Loss on disposal | (37,861) | - | (37,861) | - |
| Total revenues | 1,055,085 | 1,204,364 | 1,055,085 | 1,204,364 |
| Expenses: | | | | |
| General government | 426,794 | 453,519 | 426,794 | 453,519 |
| Public safety | 80,461 | 89,846 | 80,461 | 89,846 |
| Transportation | 247,851 | - | 247,851 | - |
| Environmental protection | - | - | - | - |
| Economic and physical development | 51,489 | 37,819 | 51,489 | 37,819 |
| Cultural and recreation | 99,865 | 92,589 | 99,865 | 92,589 |
| Interest on long-term debt | 9,317 | 12,219 | 9,317 | 12,219 |
| Total expenses | 915,777 | 685,992 | 915,777 | 685,992 |
| Increase in net position before transfers | 139,308 | 518,372 | 139,308 | 518,372 |
| Transfers | - | - | - | - |
| Extraordinary item: gain on insurance recovery | - | - | - | - |
| Increase in net position | 139,308 | 518,372 | 139,308 | 518,372 |
| Net position, July 1 (consolidated) | 4,737,752 | 4,219,380 | 4,737,752 | 4,219,380 |
| Net position, beginning, restated | 4,733,966 | 4,219,380 | 4,733,966 | 4,219,380 |
| Net position, June 30 | \$ 4,873,274 | \$ 4,737,752 | \$ 4,873,274 | \$ 4,737,752 |

Governmental activities. Governmental activities increased the Village's net position by \$139,308, thereby accounting for 100% of the total growth in the net position of the Village of Marvin. A concentrated effort to control costs and renegotiate recurring contracts, as well as the elimination of a full time position part way through the year, led to an overall decrease in general government expenditures. The return of Powell Bill funds resulted in the transportation costs for the current year, although appropriation for return of these funds was made from fund balance. Increases in unrestricted intergovernmental revenues also contributed to the increase in net position.

Financial Analysis of the Village's Funds

As noted earlier, the Village of Marvin uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Village of Marvin's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Village of Marvin's financing requirements.

The general fund is the chief operating fund of the Village of Marvin. At the end of the current fiscal year, Village of Marvin's fund balance available in the General Fund was \$1,939,580. The Village Council of Marvin has adopted a policy whereby the Village should maintain an assigned Reserves fund balance of 31% of general fund budgeted expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Village. The Village currently has an available fund balance of 26% of general fund expenditures, and total fund balance represents 193% of the same amount.

At June 30, 2015, the governmental funds of Village of Marvin reported a combined fund balance of \$1,939,580 with a net increase in fund balance of \$89,606 from current year. Included in this change in fund balance is a decrease in fund balance in the Capital Projects Fund.

General Fund Budgetary Highlights. During the fiscal year, the Village 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.

There were several reasons the Village revised its budget throughout the year. The Village Council voted to return all unused Powell Bill funds to the state, thereby ending participation in the grant. The Village Council also voted during the year to increase the Village Clerk position from part time to full time, and amendments for other part time employees' hours as well. With the departure of the Planner/Code Enforcement employee, the engineering budget estimate was increased to cover costs generated from help needed from the outside engineering firm.

Capital Asset and Debt Administration

Capital assets. The Village of Marvin's investment in capital assets for its governmental activities as of June 30, 2015, totals \$3,235,667 (net of accumulated depreciation). These assets include land, right-of-way easements, and infrastructure for the Marvin Community Loop; equipment and structures for Marvin-Efird Park; and office furniture, equipment, computer equipment, smart board, and a speed radar trailer. During the year, the Village tore down an existing house at Marvin-Efird park.

Management Discussion and Analysis
 Village of Marvin

**Village of Marvin's Capital Assets
 (net of depreciation)**

Figure 4

| | Governmental Activities | | Total | |
|--|----------------------------|---------------------|---------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Land and improvements | \$ 2,178,523 | \$ 2,178,523 | \$ 2,178,523 | \$ 2,178,523 |
| Buildings and improvements | 383,340 | 422,031 | 383,340 | 422,031 |
| Leasehold Improvements | 1,773 | 1,837 | 1,773 | 1,837 |
| Substations, lines, and related equipment | - | - | - | - |
| Furniture | 9,743 | 9,996 | 9,743 | 9,996 |
| Infrastructure | 623,050 | 636,472 | 623,050 | 636,472 |
| Vehicles and motorized equipment | - | - | - | - |
| Computer Software | - | - | - | - |
| Equipment and computers | 39,238 | 48,439 | 39,238 | 48,439 |
| Construction in progress | - | 9,900 | - | 9,900 |
| Total | \$ 3,235,667 | \$ 3,307,198 | \$ 3,235,667 | \$ 3,307,198 |

Additional information on the Village's capital assets can be found in the notes to the Basic Financial Statements.

Management Discussion and Analysis
 Village of Marvin

Long-term Debt. As of June 30, 2015, the Village of Marvin had installment debt outstanding of \$285,714.

**Outstanding Debt
 Figure 5**

Village of Marvin's Outstanding Debt

| | Governmental Activities | | Total | |
|------------------|----------------------------|------------|------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| Installment debt | \$ 285,714 | \$ 392,857 | \$ 285,714 | \$ 392,857 |
| Total | \$ 285,714 | \$ 392,857 | \$ 285,714 | \$ 392,857 |

Village of Marvin's Outstanding Debt

During the current fiscal year, the Village of Marvin's total debt decreased by \$107,143 (27.3%) due to payments made on the installment purchase financing agreement to purchase land for the municipal park.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Village of Marvin is \$89,160,686.

Additional information regarding the Village of Marvin's long-term debt can be found in the notes to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The largest economic factor for the Village of Marvin in the coming fiscal year is the property revaluation that took place on January 1, 2015. The general reappraisal of real property for Union County occurs once every eight years. The reduction in the tax base will cause \$21,010 less in budgeted ad valorem tax revenue for the coming year.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities: Property taxes are expected to be 4% less in the coming year due to the County wide revaluation at January 1, 2015. The Village has budgeted contributions from a local developer for the purpose of partnering with NCDOT to build two traffic-calming roundabouts in the Village of Marvin. The Village will also appropriate some assigned fund balance for this same purpose. Total budgeted revenue exceeds the current year budget by 54%, mainly due to the roundabouts contribution from the developer.

Management Discussion and Analysis
Village of Marvin

Budgeted expenditures in the General Fund are also expected to rise. The budgeted contribution to the NCDOT for the roundabouts constructions makes up 76% of the Village's total budgeted expenditures in 2016. The next largest increment involves additional public safety measures until the roundabouts are constructed.

Requests for Information

This report is designed to provide an overview of the Village'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 Director of Finance, Village of Marvin, 10004 New Town Road, Marvin, NC 28173. One can also call (704)-843-1680, visit our website www.marvinnc.org or send an email to finance@marvinnc.org for more information.

Basic Financial Statement

Village of Marvin, North Carolina
Statement of Net Position
June 30, 2015

Exhibit 1

| | Primary Government | |
|--|--------------------------------|---------------------|
| | Governmental Activities | Total |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,930,978 | \$ 1,930,978 |
| Restricted cash | 156,634 | 156,634 |
| Taxes receivables (net) | 1,762 | 1,762 |
| Due from other governments | 29,837 | 29,837 |
| Accounts receivable | 14,210 | 14,210 |
| Prepaid items | 1,369 | 1,369 |
| Total current assets | <u>2,134,790</u> | <u>2,134,790</u> |
| Non-current assets: | | |
| Net pension asset | <u>14,449</u> | <u>14,449</u> |
| Capital assets: | | |
| Land and improvements | 2,178,523 | 2,178,523 |
| Other capital assets, net of depreciation | 1,057,144 | 1,057,144 |
| Total capital assets | <u>3,235,667</u> | <u>3,235,667</u> |
| Total assets | <u>\$ 5,384,906</u> | <u>\$ 5,384,906</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Contributions to pension plan in current fiscal year | <u>\$ 15,179</u> | <u>\$ 15,179</u> |
| Total deferred outflows of resources | <u>15,179</u> | <u>15,179</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accrued expenses | \$ 36,814 | \$ 36,814 |
| Escrow deposits | 156,634 | 156,634 |
| Current portion of long-term liabilities | 112,989 | 112,989 |
| Total current liabilities | <u>306,437</u> | <u>306,437</u> |
| Long-term liabilities: | | |
| Due in more than one year | <u>178,571</u> | <u>178,571</u> |
| Total liabilities | <u>485,008</u> | <u>485,008</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension deferrals | <u>41,803</u> | <u>41,803</u> |
| Total deferred inflows of resources | <u>41,803</u> | <u>41,803</u> |
| NET POSITION | | |
| Net investment in capital assets | 2,949,953 | 2,949,953 |
| Restricted for: | | |
| Stabilization by State Statute | 44,047 | 44,047 |
| Unrestricted | 1,879,274 | 1,879,274 |
| Total net position | <u>\$ 4,873,274</u> | <u>\$ 4,873,274</u> |

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

**Village of Marvin, North Carolina
Statement of Activities
For the Year Ended June 30, 2015**

Exhibit 2

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position Primary Government</u> | |
|-----------------------------------|-------------------|---------------------------------|---|---|---|------------------|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Total</u> |
| Primary government: | | | | | | |
| Governmental Activities: | | | | | | |
| General government | \$ 426,794 | \$ 40,406 | \$ - | \$ - | \$ (386,388) | \$ (386,388) |
| Public safety | 80,461 | - | - | - | (80,461) | (80,461) |
| Transportation | 247,851 | - | - | - | (247,851) | (247,851) |
| Economic and physical development | 51,489 | - | - | - | (51,489) | (51,489) |
| Culture and recreation | 99,865 | - | 10,173 | - | (89,692) | (89,692) |
| Interest on long-term debt | 9,317 | - | - | - | (9,317) | (9,317) |
| Total primary government | <u>\$ 915,777</u> | <u>\$ 40,406</u> | <u>\$ 10,173</u> | <u>\$ -</u> | <u>(865,198)</u> | <u>(865,198)</u> |

General revenues:

Taxes:

| | | |
|--|---------------------|---------------------|
| Property taxes, levied for general purpose | 558,650 | 558,650 |
| Other taxes | 474,909 | 474,909 |
| Unrestricted investment earnings | 5 | 5 |
| Loss on disposal of assets | (37,861) | (37,861) |
| Miscellaneous | 8,803 | 8,803 |
| Total general revenues | <u>1,004,506</u> | <u>1,004,506</u> |
| Change in net position | <u>139,308</u> | <u>139,308</u> |
| Net position, beginning, previously reported | 4,737,752 | 4,737,752 |
| Restatement | (3,786) | (3,786) |
| Net position-beginning, restated | <u>4,733,966</u> | <u>4,733,966</u> |
| Net position-ending | <u>\$ 4,873,274</u> | <u>\$ 4,873,274</u> |

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

Village of Marvin, North Carolina
Balance Sheet
Governmental Funds
June 30, 2015

Exhibit 3

| | Major Fund | Nonmajor | Total Governmental |
|--|-------------------|-----------------|---------------------------|
| | General | Fund | Funds |
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,930,978 | \$ - | \$ 1,930,978 |
| Taxes receivable (net) | 1,762 | - | 1,762 |
| Due from other governments | 29,837 | - | 29,837 |
| Accounts receivable (net) | 14,210 | - | 14,210 |
| Prepaid items | 1,369 | - | 1,369 |
| Restricted cash | 156,634 | - | 156,634 |
| Total assets | \$ 2,134,790 | \$ - | \$ 2,134,790 |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | \$ 36,814 | \$ - | \$ 36,814 |
| Escrow deposits | 156,634 | - | 156,634 |
| Total liabilities | 193,448 | - | 193,448 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property taxes receivable | 1,762 | - | 1,762 |
| FUND BALANCES | | | |
| Non-spendable: | | | |
| Prepaid expenditures | 1,369 | - | 1,369 |
| Restricted: | | | |
| Stabilization by state statute | 44,047 | - | 44,047 |
| Committed: | | | |
| Parks and recreation | 10,173 | - | 10,173 |
| Assigned: | | | |
| Land acquisition | 864,797 | - | 864,797 |
| Loop projects | 296,437 | - | 296,437 |
| Capital asset replacement | 15,659 | - | 15,659 |
| Future capital projects | 15,445 | - | 15,445 |
| Maintenance of greenway trails | 27,750 | - | 27,750 |
| Village signs | 20,000 | - | 20,000 |
| Intersection/traffic improvement | 352,444 | - | 352,444 |
| Road maintenance | 29,875 | - | 29,875 |
| Reserves | 261,584 | - | 261,584 |
| Unassigned | - | - | - |
| Total fund balances | 1,939,580 | \$ - | 1,939,580 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 2,134,790 | \$ - | |

Amounts reported for governmental activities in the Statements of Net Position (Exhibit 1) are different because:

| | | | |
|--|----|-----------|--------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | | |
| Gross capital assets at historical cost | \$ | 3,382,713 | |
| Accumulated depreciation | | (147,046) | 3,235,667 |
| Net pension asset | | | 14,449 |
| Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position | | | 15,179 |
| Liabilities for earned revenues considered deferred inflows of resources in fund statements. | | | 1,762 |
| Some liabilities, including installment loans and compensated balances, are not due and payable in the current period and therefore are not reported in the funds. | | | (291,560) |
| Pension related deferrals | | | (41,803) |
| Net position of governmental activities | | | \$ 4,873,274 |

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

Village of Marvin, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds
June 30, 2015

Exhibit 4

| | Major Fund | | |
|---|---------------------|----------------------|---------------------------------|
| | General Fund | Nonmajor Fund | Total Governmental Funds |
| Revenues: | | | |
| Ad valorem taxes | \$ 560,338 | \$ - | \$ 560,338 |
| Unrestricted intergovernmental | 474,909 | - | 474,909 |
| Permits and fees | 40,406 | - | 40,406 |
| Sales and service | 6,030 | - | 6,030 |
| Investment earnings | 1 | 4 | 5 |
| Other | 12,946 | - | 12,946 |
| Total revenues | 1,094,630 | 4 | 1,094,634 |
| Expenditures: | | | |
| Current: | | | |
| General government | 418,513 | - | 418,513 |
| Public safety | 85,581 | - | 85,581 |
| Transportation | 247,851 | - | 247,851 |
| Economic and physical development | 51,489 | - | 51,489 |
| Culture and recreation | 65,744 | 19,390 | 85,134 |
| Debt service: | | | - |
| Principal retirement | 107,143 | - | 107,143 |
| Interest and other charges | 9,317 | - | 9,317 |
| Total expenditures | 985,638 | 19,390 | 1,005,028 |
| Excess (deficiency) of revenues over expenditures | 108,992 | (19,386) | 89,606 |
| Other Financing Sources (Uses): | | | |
| Transfers | 15,447 | (15,447) | - |
| Net change in fund balance | 124,439 | (34,833) | 89,606 |
| Fund Balance: | | | |
| Fund balances, beginning as previously reported | 1,790,827 | 34,833 | 1,825,660 |
| Prior period adjustment (Note V) | 24,314 | - | 24,314 |
| Fund balances, beginning as restated | 1,815,141 | 34,833 | 1,849,974 |
| Fund balances, ending | \$ 1,939,580 | \$ - | \$ 1,939,580 |

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

Village of Marvin, North Carolina
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Governmental Funds
June 30, 2015

Exhibit 4

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

| | | | |
|---|----|-----------------|--------------------------|
| Net changes in fund balances - total governmental funds | \$ | | 89,606 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p> | | | |
| Capital outlay expenditures which were capitalized | \$ | 5,120 | |
| Depreciation expenses for governmental assets | | (38,790) | |
| Loss on disposal of assets | | <u>(37,861)</u> | (71,531) |
| <p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p> | | | |
| | | | 15,179 |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p> | | | |
| Change in unavailable revenue for tax revenues | | | (1,688) |
| <p>The issuance of long-term debt provides current financial resources to governmental funds statement, while repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction has any effect on net position.</p> | | | |
| Principal payments on long-term debt | | | 107,143 |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p> | | | |
| Compensated absences | | | (147) |
| Pension expense | | | 746 |
| Total changes in net position of governmental activities | | | <u><u>\$ 139,308</u></u> |

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

Village of Marvin, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

Exhibit 5

| | General Fund | | | Variance with Final Budget - Positive (Negative) |
|---|---------------------|------------------|---------------------|--|
| | Original | Final | Actual Amounts | |
| Revenues | | | | |
| Ad valorem taxes | \$ 534,720 | \$ 534,720 | \$ 560,338 | \$ 25,618 |
| Unrestricted intergovernmental | 472,700 | 472,700 | 474,909 | 2,209 |
| Investment earnings | - | - | 1 | 1 |
| Permits and fees | 28,525 | 28,525 | 40,406 | 11,881 |
| Sales and service | 3,100 | 3,100 | 6,030 | 2,930 |
| Miscellaneous | 510 | 1,010 | 12,946 | 11,936 |
| Total revenues | <u>1,039,555</u> | <u>1,040,055</u> | <u>1,094,630</u> | <u>54,575</u> |
| Expenditures | | | | |
| Current expenditures: | | | | |
| General government | 421,625 | 465,660 | 418,513 | 47,147 |
| Public safety | 99,495 | 96,175 | 85,581 | 10,594 |
| Transportation | 13,000 | 252,483 | 247,851 | 4,632 |
| Economic and physical development | 43,185 | 63,985 | 51,489 | 12,496 |
| Cultural and recreation | 76,500 | 80,500 | 65,744 | 14,756 |
| Capital outlay | 230,930 | 131,700 | - | 131,700 |
| Debt service: | | | | |
| Principal retirement | 107,143 | 107,143 | 107,143 | - |
| Interest and other charges | 9,317 | 9,317 | 9,317 | - |
| Contingency | 38,360 | 72,575 | - | 72,575 |
| Total expenditures | <u>1,039,555</u> | <u>1,279,538</u> | <u>985,638</u> | <u>293,900</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>(239,483)</u> | <u>108,992</u> | <u>348,475</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers from other funds | - | - | 15,447 | 15,447 |
| Appropriated fund balance | - | 239,483 | - | (239,483) |
| Total other financing sources (uses) | <u>-</u> | <u>239,483</u> | <u>15,447</u> | <u>(224,036)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | <u>124,439</u> | <u>\$ 124,439</u> |
| Fund Balance: | | | | |
| Fund balances, beginning as previously reported | | | 1,790,827 | |
| Prior period adjustment | | | 24,314 | |
| Fund balances, beginning as restated | | | <u>1,815,141</u> | |
| Fund balances, ending | | | <u>\$ 1,939,580</u> | |

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

Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies

The accounting policies of the Village of Marvin (the “Village”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Village of Marvin, North Carolina, in Union County, was incorporated under the General Statutes of the State of North Carolina in July 1994. It is governed by an elected Mayor and a five-member Council. As required by generally accepted accounting principles, these financial statements present the Village, which has no component units.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Village’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

The Village reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the Village. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, and various other taxes and licenses. The primary expenditures are for the general government, zoning, public safety, salaries, and professional fees.

The Village reports the following non-major governmental funds:

Capital Project Fund. This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

C. Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements: The government-wide financial statements are reported using the economic resources measurement focus. The government-wide 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 Village gives (or receives) value without directly receiving (or giving) equal value in exchange, includes 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.

Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies (Continued)

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.

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

Sales taxes and certain intergovernmental revenues, such as beer and wine tax, collected and held by the State at year-end on behalf of the Village are recognized as revenue. Sales taxes are considered a shared revenue for the Village of Marvin because the tax is levied by Union County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash.

All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Village funds certain programs by a combination of specific cost reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Village's policy to first apply cost reimbursement grant resources to such programs, followed by categorical block grants, then general revenues.

D. Budgetary Data

The Village's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Capital Project Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, amendments to the original budget were necessary and approved by the governing board. 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.

Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies (Continued)

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

1. Deposits and Investments

All deposits of the Village are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Village may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Village 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 Village to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The Village's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price.

2. Cash and Cash Equivalents

The Village 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 cash equivalents.

3. Restricted Cash

Construction deposits received by the Village are restricted to the projects for which the funds were received.

| | |
|-------------------------------|-------------------|
| Governmental Activities | |
| General Fund | |
| Escrow deposits | \$ 156,634 |
| Total governmental activities | <u>\$ 156,634</u> |

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Village 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, 2014.

5. 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. No allowance for doubtful accounts was required as of June 30, 2015.

6. Prepaid Items

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

Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies (Continued)

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land and right-of-way easements, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$1,000; and vehicles, \$10,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair 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 using the straight-line method over the following estimated useful lives:

| Asset Class | Estimated Useful Lives |
|-------------------------|---------------------------|
| Infrastructure | 50 |
| Improvements | 39 |
| Furniture and equipment | 7 |
| Computer equipment | 5 |

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Village has one item that meets this criterion, contributions made to the pension plan in the 2015 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Village has two items that meet the criterion for this category - property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68.

9. Long-Term Obligations

In government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities fund type statement of net position. The face amount of debt issued is reported as other financing sources.

10. Compensated Absences

The vacation policy of the Village provides for the accumulation of up to ten days earned vacation leave with such leave being fully vested when earned. For the Village's government-wide financial statements, an expense and a liability for accrued vacation are recorded as the leave is earned. All of the vacation leave accrued is expected to be used in the next fiscal year and is designed as a current liability in the government-wide financial statements.

The Village'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 the determination of length of service for retirement benefit purposes. Since the Village has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies (Continued)

11. Net Position /Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balances can be spent.

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid Expenditures - portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not expendable, available resources.

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

Restricted for Stabilization by State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Village of Marvin's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Parks and Recreation – portion of fund balance that is committed for parks and recreation.

Assigned Fund Balance - portion of fund balance that the Village of Marvin intends to use for specific purposes.

Assigned for Land Acquisition - portion of fund balance that has been assigned by the Village Council for expenditures related to the purchase of land for the Village.

Assigned for Loop Projects - portion of fund balance that has been assigned by the Village Council for expenditures related to the Village of Marvin Loop located in the Village.

Assigned for Capital Asset Replacement - portion of fund balance that has been assigned by the Village Council for expenditures related to the purchase of capital assets for the Village.

Assigned for Maintenance of Greenway Trails - portion of fund balance that has been assigned by the Village Council for expenditures related to maintaining the greenway trails currently being constructed.

Assigned for Village Signs - portion of fund balance that has been assigned by Village Council for the design and purchase of signs welcoming visitors to the Village of Marvin.

Assigned for Intersection/Traffic Improvement - portion of fund balance that has been assigned by the Village Council for expenditures related to traffic improvements within the Village.

Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

I. Summary of Significant Accounting Policies (Continued)

Assigned for Road Maintenance - portion of fund balance that has been assigned by Village Council for expenditures related to road maintenance.

Assigned for Reserves - portion of fund balance that has been assigned by Village Council as a percentage of current year budgeted expenditures in accordance with internal financial policy.

Unassigned Fund Balance – represents the portion of total fund balance that has not been restricted, committed or assigned to specific purposes or other funds.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly, unassigned fund balance.

The Village Council of Marvin has adopted a policy whereby the Village should maintain an assigned Reserves fund balance of 31% of general fund budgeted expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Village.

12. Pensions

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

13. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

14. Total Governmental Fund Columns

In the accompanying financial statements, the "Total Governmental Funds" columns are not the equivalent of consolidated totals and do not represent consolidated financial information. These columns are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data. However, the reconciliations to net position are reflective of interfund eliminations and reflect financial position.

II. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

Some checks did not include the fiscal control verbiage as required by State Statute (G.S. 159-28 (d)). Staff will implement new check stock, thus ensuring that the proper language is displayed on the face of all checks.

The final budget included a contingency in excess of 5% of appropriations which is a violation of State Statute (G.S. 159-13(b)(3)). Staff will review statutes to ensure complete understanding.

Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

II. Stewardship, Compliance, and Accountability

2. Contractual Violations

None

B. Deficit in Fund Balance or Net Position of Individual Funds

None

C. Excess of Expenditures over Appropriations

None

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Village are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Village's agent in the units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Village, these deposits are considered to be held by the Village's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Village or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Village 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 Village has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Village complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2015, the Village's deposits had a carrying amount of \$2,087,537 and a bank balance of \$2,099,849. Of the bank balances, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2015, the Village's petty cash fund totaled \$75.

Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

2. Capital Assets

Capital asset activity for the year ended June 30, 2015, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|-----------|-----------|---------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Right-of-way easements | \$ 1,086,646 | \$ - | \$ - | \$ 1,086,646 |
| Land and improvements | 1,091,877 | - | - | 1,091,877 |
| Construction in progress | 9,900 | - | 9,900 | - |
| Total non-depreciable capital assets | <u>2,188,423</u> | - | 9,900 | <u>2,178,523</u> |
| Capital assets being depreciated: | | | | |
| Leasehold improvements | 2,513 | - | - | 2,513 |
| Buildings and improvements | 448,534 | - | 30,082 | 418,452 |
| Infrastructure | 671,078 | - | - | 671,078 |
| Equipment and computers | 83,206 | 3,110 | - | 86,316 |
| Furniture | 23,820 | 2,010 | - | 25,830 |
| Total capital being depreciated | <u>1,229,151</u> | 5,120 | 30,082 | <u>1,204,189</u> |
| Less accumulated depreciation for: | | | | |
| Leasehold improvements | 676 | 64 | - | 740 |
| Buildings and improvements | 26,503 | 10,730 | 2,121 | 35,112 |
| Infrastructure | 34,606 | 13,422 | - | 48,028 |
| Equipment and computers | 34,767 | 12,311 | - | 47,078 |
| Furniture | 13,824 | 2,263 | - | 16,087 |
| Total accumulated depreciation | <u>110,376</u> | 38,790 | 2,121 | <u>147,045</u> |
| Total capital assets being being depreciated, net | <u>1,118,775</u> | | | <u>1,057,144</u> |
| Governmental activities capital assets, net | <u>\$ 3,307,198</u> | | | <u>\$ 3,235,667</u> |

Depreciation expense of \$24,059 was charged to general government expense and \$14,731 was charged to culture and recreation expense in the Statement of Activities.

Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Village of Marvin is a participating employer in 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 membership is comprised of general employees of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The 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, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Village of Marvin employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Village of Marvin's contractually required contribution rate for the year ended June 30, 2015, was 8.46% of compensation for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Village of Marvin were \$15,179 for the year ended June 30, 2015.

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

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

At June 30, 2015, the Village reported an asset of \$14,449 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions.

Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

The Village's proportion of the net pension asset was based on a projection of the Village's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014 and 2013, the Village's proportion was 0.0024% and 0.0030 %.

For the year ended June 30, 2015, the Village recognized pension expense of \$(746). At June 30, 2015, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ - | \$ 1,579 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | - | 33,636 |
| Changes in proportion and differences between Village contributions and proportionate share of contributions | - | 6,588 |
| Town contributions subsequent to the measurement date | 15,179 | - |
| Total | <u>\$ 15,179</u> | <u>\$ 41,803</u> |

\$15,179 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------------|--------------------|
| 2016 | \$ (10,456) |
| 2017 | (10,456) |
| 2018 | (10,456) |
| 2019 | (10,435) |
| 2020 | - |
| Thereafter | - |
| | <u>\$ (41,803)</u> |

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 3.0 percent |
| Salary increases | 4.25 to 8.55 percent, including inflation and productivity factor |
| Investment rate of return | 7.25 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Fixed Income | 36.0% | 2.5% |
| Global Equity | 40.5% | 6.1% |
| Real Estate | 8.0% | 5.7% |
| Alternatives | 6.5% | 10.5% |
| Credit | 4.5% | 6.8% |
| Inflation Protection | 4.5% | 3.7% |
| Total | <u>100%</u> | |

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Village's proportionate share of the net pension asset to changes in the discount rate. The following presents the Village's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the Village's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

| | 1% Decrease (6.25%) | Discount Rate (7.25%) | 1% Increase (8.25%) |
|--|------------------------|--------------------------|------------------------|
| Village's proportionate share of the net pension liability (asset) | \$ 49,045 | \$ (14,449) | \$ (67,909) |

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

b. Supplemental Retirement Income Plan

Plan Description. The Village employees contribute 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 is established in conformity with section 401(k) of the Internal Revenue Code of 1986 as amended. The Supplemental Retirement Income Plan is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454. The Village does not contribute to the plan.

2. Deferred Outflows and Inflows of Resources

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

| | |
|--|-----------|
| Contributions to pension plan in current fiscal year | \$ 15,179 |
|--|-----------|

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

| | |
|---------------------------------|-----------|
| Pension deferrals | \$ 41,803 |
| Taxes receivable (General Fund) | 1,762 |

3. Risk Management

The Village 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 Village participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Village obtains general liability coverage of \$5 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to \$500,000. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Village upon request.

The Village carries commercial insurance for all risks of loss, with the exception of flood. The Village's offices are not located in a flood plain; therefore, flood insurance is not deemed a necessity. Settled claims have not exceeded commercial insurance covered in any of the past three fiscal years.

In accordance with G.S. 159-29, the Village's employees are performance bonded through a commercial surety bond. The Village carries a fidelity bond on its Finance Officer and Tax Collector in the amount of \$100,000 and \$60,000, respectively, and \$10,000 for all other employees.

Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

III. Detail Notes on All Funds (Continued)

4. Long Term Obligations

A. Operating Lease

In October 2003, the Village entered into a one year lease for office space. The lease expired in September 2004 and is renewed monthly. Lease expense for the year ended June 30, 2015 totaled \$10,980.

B. Installment obligation

In February 2011, the Village obtained a \$750,000 loan from a financial institution to purchase land for a future municipal park. The loan agreement requires 84 monthly payments of \$8,928, plus interest through February 2018. The annual interest rate is 2.71%.

Annual debt service payments of the installment purchase of June 30, 2015, including \$10,646 of interest, are as follows:

Governmental Activities

| Year Ending June 30 | Principal | Interest |
|------------------------|------------|-----------|
| 2016 | \$ 107,143 | \$ 6,412 |
| 2017 | 107,143 | 3,508 |
| 2018 | 71,428 | 726 |
| Total | \$ 285,714 | \$ 10,646 |

C. Change in Long-Term Liabilities

| | Beginning Balance | Increases | Decreases | Ending Balance | Current Portion Of Balance |
|---|----------------------|-----------|------------|-------------------|-------------------------------|
| Governmental activities: | | | | | |
| Installment purchase | \$ 392,857 | \$ - | \$ 107,143 | \$ 285,714 | \$ 107,143 |
| Net pension obligation (LGERS) | 28,101 | - | 28,101 | - | - |
| Compensated absences | 5,699 | 5,846 | 5,699 | 5,846 | 5,846 |
| Governmental activities long-term liabilities | \$ 426,657 | \$ 5,846 | \$ 140,943 | \$ 291,560 | \$ 112,989 |

Compensated absences for governmental activities have typically been liquidated in the General Fund.

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

5. Refund of Powell Bill Funds

The Village Council approved discontinuing Powell Bill operations as of July 1, 2014 and refunded all Powell Bill monies held totaling \$239,483 to the State.

6. Net Investment in Capital Assets

| | |
|----------------------------------|---------------------|
| Capital assets | \$ 3,235,667 |
| Less: installment purchase | (285,714) |
| Net investment in capital assets | <u>\$ 2,949,953</u> |

**Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015**

III. Detail Notes on All Funds (Continued)

7. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2015 consist of the following:

| | |
|---|------------------|
| From Capital Project Fund to General Fund | \$ 15,447 |
| Total | <u>\$ 15,447</u> |

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. During the 2015 fiscal year, the Capital Project Fund made a one time transfer of \$15,447 to the General Fund to close out the project.

8. Fund Balance

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

| | |
|--|---------------------|
| <i>Total fund balance-General Fund</i> | <i>\$ 1,939,580</i> |
| Less: | |
| Prepaid Expenditures | 1,369 |
| Stabilization by State Statute | 44,047 |
| Parks and recreation | 10,173 |
| Land acquisition | 864,797 |
| Loop projects | 296,437 |
| Capital asset replacement | 15,659 |
| Future capital projects | 15,445 |
| Maintenance of greenway trails | 27,750 |
| Village signs | 20,000 |
| Intersection/traffic improvement | 352,444 |
| Road maintenance | 29,875 |
| Reserves | 261,584 |

The Village Council of Marvin has adopted a policy whereby the Village should maintain an assigned Reserves fund balance of 31% of general fund budgeted expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Village.

IV. Interlocal Agreements

In February 2005, the Village entered into an interlocal agreement with the county for law enforcement services. This contract is renewed annually.

V. Prior Period Adjustment

During the fiscal year ended June 30, 2015, the Village determined that certain unrestricted intergovernmental revenues were subject to accrual in the General Fund as of June 30, 2014 on a modified accrual basis of accounting, had been omitted. Therefore, an adjustment to beginning fund balance has been recorded to account for that accrual, the net effect of which increased beginning fund balance by \$24,314. This accrual was further omitted at the government-wide statements, the net effect of which increased net position by \$24,314.

VI. Change in Accounting Principles/Restatement

The Village implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the Village to record beginning net pension liability and the effects on net position of contributions made by the Village during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental activities decreased by \$28,101.

Village of Marvin, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2015

VII. Summary of Disclosure of Significant Contingencies

A. Lawsuits

The Village may be subject to various lawsuits. In the opinion of the Village's management and legal council, the ultimate effect of any of these legal matters will not have a material effect on the Village's financial position.

VIII. Date of Management's Review

Management has evaluated subsequent events through October 29, 2015, the date which the financial statements were available to be issued. Subsequent to year end, the Village of Marvin committed \$200,000 to NCDOT for construction of roundabouts.

Required Supplementary Financial Data

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

- Schedule of Proportionate Share of Net Pension Liability(Asset) for Local Government Employee's Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

Village of Marvin, North Carolina
Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Two Fiscal Years

Local Government Employees' Retirement System

| | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|
| Marvin's proportion of the net pension liability (asset) (%) | 0.0024% | 0.0030% |
| Marvin's proportion of the net pension liability (asset) (\$) | \$ (14,449) | \$ 36,162 |
| Marvin's covered-employee payroll | \$ 155,123 | \$ 109,079 |
| Marvin's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | (9.31%) | 33.15% |
| Plan fiduciary net position as a percentage of the total pension liability | 102.64% | 94.35% |

**Village of Marvin, North Carolina
Village of Marvin's Contributions
Required Supplementary Information
Last Two Fiscal Years**

Local Government Employees' Retirement System

| | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|
| Contractually required contribution | \$ 15,179 | \$ 8,061 |
| Contributions in relation to the contractually required contribution | \$ 15,179 | \$ 8,061 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Marvin's covered-employee payroll | \$ 155,123 | \$ 109,079 |
| Contributions as a percentage of covered-employee payroll | 9.79% | 7.39% |

Individual Fund Statements and Schedules

Village of Marvin, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2015

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--|------------------|------------------|---|
| Revenues | | | |
| Ad valorem taxes: | | | |
| Taxes | \$ 534,720 | \$ 560,338 | \$ 25,618 |
| Total | <u>534,720</u> | <u>560,338</u> | <u>25,618</u> |
| Unrestricted intergovernmental: | | | |
| Beer and wine tax | 25,700 | 29,141 | 3,441 |
| Cable franchise tax | 9,000 | - | (9,000) |
| Utilities sales tax | 299,500 | 293,885 | (5,615) |
| Local option sales tax | 138,500 | 151,883 | 13,383 |
| Total | <u>472,700</u> | <u>474,909</u> | <u>2,209</u> |
| Permits and Fees: | | | |
| Zoning | 28,525 | 40,406 | 11,881 |
| Total | <u>28,525</u> | <u>40,406</u> | <u>11,881</u> |
| Sales and service: | | | |
| Recreation department fees | 3,100 | 6,030 | 2,930 |
| Total | <u>3,100</u> | <u>6,030</u> | <u>2,930</u> |
| Investment Earnings | <u>-</u> | <u>1</u> | <u>1</u> |
| Other: | | | |
| Fee in lieu of park land | - | 10,173 | 10,173 |
| Miscellaneous | 1,010 | 2,773 | 1,763 |
| Total | <u>1,010</u> | <u>12,946</u> | <u>11,936</u> |
| Total revenues | <u>1,040,055</u> | <u>1,094,630</u> | <u>54,575</u> |
| Expenditures | | | |
| General Government: | | | |
| Administration: | | | |
| Salaries and related expenses | 274,815 | 260,731 | 14,084 |
| Stipends - Mayor, Council & Boards | 24,075 | 22,275 | 1,800 |
| Professional services | 55,735 | 38,384 | 17,351 |
| Training | 7,850 | 5,870 | 1,980 |
| Dues and subscriptions | 12,805 | 11,880 | 925 |
| Elections | 555 | - | 555 |
| Furniture and equipment | 9,200 | 7,424 | 1,776 |
| Gifts | 500 | 306 | 194 |
| Insurance and bonds | 13,100 | 13,075 | 25 |
| Occupancy | 25,320 | 23,260 | 2,060 |
| Office expenses and supplies | 41,705 | 35,308 | 6,397 |
| Total administration | <u>465,660</u> | <u>418,513</u> | <u>47,147</u> |
| Total general government | <u>465,660</u> | <u>418,513</u> | <u>47,147</u> |

Village of Marvin, North Carolina
General Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2015

| | Budget | Actual | Variance Positive (Negative) |
|---|-----------|--------------|------------------------------------|
| Public Safety: | | | |
| Professional services | | 80,743 | |
| Other operating expenditures | | 4,838 | |
| Total public safety | 96,175 | 85,581 | 10,594 |
| Economic and Physical Development: | | | |
| Zoning | | | |
| Professional services | | 34,015 | |
| Other operating expenditures | | 17,474 | |
| Total zoning | 63,985 | 51,489 | 12,496 |
| Total economic and physical development | 63,985 | 51,489 | 12,496 |
| Transportation: | | | |
| Refund of Powell Bill monies | 239,483 | 239,483 | - |
| Maintenance and repairs | 13,000 | 8,368 | 4,632 |
| Total transportation | 252,483 | 247,851 | 4,632 |
| Culture and Recreation: | | | |
| Community events | 6,800 | 4,299 | 2,501 |
| Park operations | 73,700 | 61,445 | 12,255 |
| Total culture and recreation | 80,500 | 65,744 | 14,756 |
| Capital outlay | 131,700 | - | 131,700 |
| Debt Service: | | | |
| Principal retirement | | 107,143 | |
| Interest | | 9,317 | |
| Total debt service | 116,460 | 116,460 | - |
| Contingency | 72,575 | - | 72,575 |
| Total expenditures | 1,279,538 | 985,638 | 293,900 |
| Revenues over (under) expenditures | (239,483) | 108,992 | 348,475 |
| Other Financing Sources (Uses): | | | |
| Transfers from Capital Projects Fund | - | 15,447 | 15,447 |
| Total financing sources (uses) | - | 15,447 | 15,447 |
| Fund balance appropriated | 239,483 | - | (239,483) |
| Net change in fund balance | \$ - | 124,439 | \$ 124,439 |
| Fund Balance: | | | |
| Fund balances, beginning as previously reported | | 1,790,827 | |
| Prior period adjustment | | 24,314 | |
| Fund balances, beginning as restated | | 1,815,141 | |
| Fund balances, ending | | \$ 1,939,580 | |

**Village of Marvin, North Carolina
Capital Projects Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2015**

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|--|--------------------------|---------------|-----------------|------------------|------------------------------------|
| | | Prior Year | Current Year | Total to Date | |
| Revenues: | | | | | |
| Investment earnings | \$ - | \$ 3 | \$ 4 | \$ 7 | \$ (7) |
| Expenditures: | | | | | |
| Community Center: | | | | | |
| Parks and recreation | 332,103 | 7,200 | 19,390 | 26,590 | 305,513 |
| Total Community Center | 332,103 | 7,200 | 19,390 | 26,590 | 305,513 |
| Marvin-Efird Park Improvements: | | | | | |
| Parks and recreation | 123,800 | 28,975 | - | 28,975 | 94,825 |
| Total Marvin-Efird Improvements | 123,800 | 28,975 | - | 28,975 | 94,825 |
| Bidding contingency | 44,102 | - | - | - | 44,102 |
| Total expenditures | 500,005 | 36,175 | 19,390 | 55,565 | 444,440 |
| Revenues over (under) expenditures | (500,005) | (36,172) | (19,386) | (55,558) | (444,447) |
| Other Financing Sources (Uses): | | | | | |
| Transfers to General Fund | 500,005 | 71,005 | (15,447) | 55,558 | 444,447 |
| Net change in fund balance | \$ - | \$ 34,833 | (34,833) | \$ - | \$ - |
| Fund Balance: | | | | | |
| Fund balance, beginning | | | 34,833 | | |
| Fund balance, ending | | | \$ - | | |

Other Schedules

This section contains additional information required on property taxes.

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy

Village of Marvin, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2015

| <u>Fiscal Year</u> | <u>Uncollected Balance June 30, 2014</u> | <u>Additions</u> | <u>Collections And Credits</u> | <u>Uncollected Balance June 30, 2015</u> |
|--------------------|--|-------------------|------------------------------------|--|
| 2014-2015 | \$ - | \$ 559,040 | \$ 558,326 | \$ 714 |
| 2013-2014 | 1,042 | - | 875 | 167 |
| 2012-2013 | 634 | - | 423 | 211 |
| 2011-2012 | 486 | - | 349 | 137 |
| 2010-2011 | 537 | - | 356 | 181 |
| 2009-2010 | 420 | - | 344 | 76 |
| 2008-2009 | 8 | - | - | 8 |
| 2007-2008 | 86 | - | - | 86 |
| 2006-2007 | 47 | - | - | 47 |
| 2005-2006 | 135 | - | - | 135 |
| 2004-2005 | 45 | - | 45 | - |
| 2003-2004 | 10 | - | 10 | - |
| | <u>\$ 3,450</u> | <u>\$ 559,040</u> | <u>\$ 560,728</u> | <u>\$ 1,762</u> |

Reconcilement with revenues:

| | |
|---------------------------------|-------------------|
| Ad valorem taxes - General Fund | \$ 560,338 |
| Reconciling items: | |
| Taxes written off | 55 |
| Interest and penalties | 983 |
| Adjustments and corrections | <u>(648)</u> |
| Total collections and credits | <u>\$ 560,728</u> |

Village of Marvin, North Carolina
Analysis of Current Tax Levy
Town - Wide Levy
For the Fiscal Year Ended June 30, 2015

| | Town - Wide | | | Total Levy | |
|---|-----------------------|-------|-------------------|--|---------------------------------|
| | Property Valuation | Rate | Total Levy | Property excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy: | | | | | |
| Property taxed at current rate | \$ 1,118,080,000 | 0.050 | \$ 559,040 | \$ 519,560 | \$ 39,480 |
| Total property valuation | <u>1,118,080,000</u> | | | | |
| Net levy | | | <u>559,040</u> | <u>519,560</u> | <u>39,480</u> |
| Uncollected taxes at June 30, 2015 | | | <u>(714)</u> | <u>(714)</u> | <u>-</u> |
| Current year's taxes collected | | | <u>\$ 558,326</u> | <u>\$ 518,846</u> | <u>\$ 39,480</u> |
| Current levy collection percentage | | | <u>99.87%</u> | <u>99.86%</u> | <u>100.00%</u> |