

**Village of Marvin
Marvin, North Carolina**

Audited Financial Statements

Year Ended June 30, 2022

Village of Marvin, North Carolina
Audited Financial Statements
For the Year Ended June 30, 2022

VILLAGE COUNCIL MEMBERS

Joseph E. Pollino, Jr., Mayor

Kim Vandenberg, Mayor Pro Tempore

Robert Marcolese

Jamie Lein

Andrew Wortman

Wayne Deatherage

ADMINISTRATIVE AND FINANCIAL STAFF

Christina Amos, Village Manager

Jill Carilli, Interim Finance Officer

Village of Marvin, North Carolina
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June 30, 2022

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Financial Section

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Village of Marvin, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Village of Marvin, North Carolina's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Village of Marvin, North Carolina, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village of Marvin, North Carolina, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Audit of the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Marvin, North Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Governmental Auditing Standards will always detect material statement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Governmental Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village of Marvin, North Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village of Marvin, North Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11, respectively, the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 36 and 37 respectively. 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

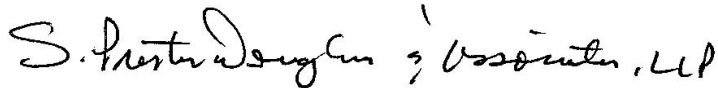
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Village of Marvin, North Carolina. The individual fund financial statements, budgetary schedules, and other schedules are presented for purposes of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

The individual fund financial 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.

In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated in, all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022 on our consideration of the Village of Marvin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Village of Marvin' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "S. Porter Douglas, CPA". The signature is written in a cursive style with a large initial "S" and a distinct "CPA" at the end.

Lumberton, North Carolina
December 22, 2022

Management's Discussion and Analysis

**Village of Marvin, North Carolina
Management's Discussion and Analysis
June 30, 2022**

Management's Discussion and Analysis

As management of the Village of Marvin, we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village of Marvin for the fiscal year ending June 30, 2022. 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

- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,611,355, or approximately 103.04% of the total General Fund expenditures for the year. Unassigned fund balance as a percentage of total expenditures has consistently exceeded the Village Council's goal of 8% as set in its fund balance policy enacted in June, 2012.
- As of the close of the current fiscal year, the Village of Marvin's governmental funds reported combined ending fund balances of \$2,967,271.
- As of June 30, 2022, the Village of Marvin had \$1,158,245 in fund balances that were either committed or assigned for particular purposes, such as Capital Projects, Parks and Recreation, Land Acquisition, Road Improvements and Loop Projects.
- The assets and deferred outflows of the Village of Marvin exceeded its liabilities and deferred inflows at the close of the fiscal year by \$14,187,919 (net position).
- The Village of Marvin's total net position increased by \$1,207,657. This was mostly due to the Village receiving \$731,018 in donated capital assets during the year ended June 30, 2022.
- The Village received \$538,467 in ARPA funds during the year. As of June 30, 2022, \$435,117 of this had been spent, and the remaining \$103,350 has been classified in Deferred Inflows of Resources for unspent grant proceeds on the Statement of Net Position.
- The Village of Marvin's approved Capital Improvement Plan has \$1,486,168 of anticipated projects for FY 2023; \$40,000 of which is fully funded for various parks and recreation projects and \$1M has been allocated for the new Village Hall which is currently under construction. The Capital Improvement Plan includes projects proposed for the following years are as follows:
 - FY 2023 \$ 1,486,168
 - FY 2024 \$ 1,398,935
 - FY 2025 \$ 1,686,227
 - After 2026 \$ 1,585,009

Overview of the Financial Statements

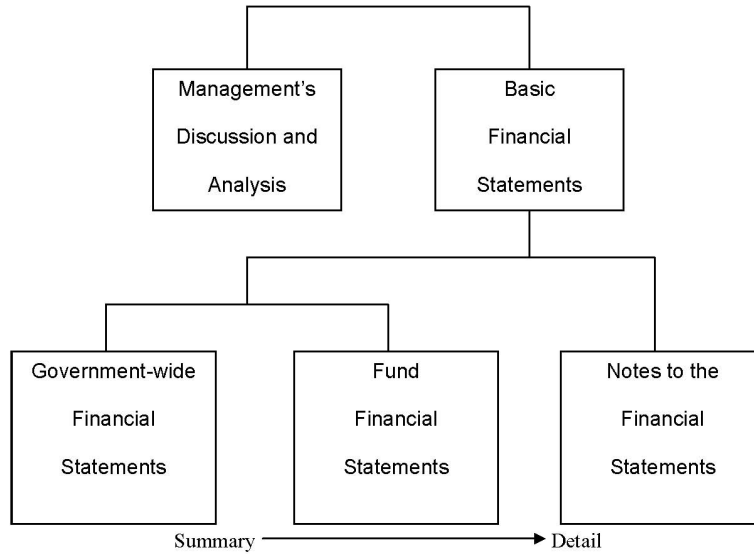
This discussion and analysis is intended to serve as an introduction to the Village of Marvin's basic financial statements. The Village's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (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 also contains other supplementary information that will enhance the reader's understanding of the financial condition of the Village of Marvin.

**Village of Marvin, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2022**

Overview of the Financial Statements (continued)

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements 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 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 and 2) the budgetary comparison statements.

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

Village of Marvin, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2022

Basic Financial Statements (continued)

Government-Wide Financial Statements. The government-wide financial statements are designed to provide the reader with a broad overview of the Village's finances, in a manner similar to the 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 governmental activities include most of the Village's basic services such as general government, public safety, transportation, economic and physical development, and parks and recreation. Property taxes and State and federal grant funds finance most of these activities.

The government-wide financial statements are found on pages 12 and 13 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 state and local governments, 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 of Marvin has only one fund type – the governmental fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. 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 monies that are unexpended 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 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 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.

Village of Marvin, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2022

Basic Financial Statements (continued)

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 can be found on pages 19-35 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 36 of this report.

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

Government-Wide Financial Analysis

The Village of Marvin's Net Position
Figure 2

	Governmental Activities 2022	Governmental Activities 2021
Current and other assets	\$ 3,156,427	\$ 4,415,134
Capital assets	12,382,775	10,067,529
Total assets	15,539,202	14,482,663
Deferred Outflows of Resources	147,034	88,269
Current liabilities	183,128	347,934
Long-term liabilities	1,100,753	1,240,649
Total liabilities	1,283,881	1,588,583
Deferred Inflows of Resources	214,436	2,087
Net position		
Net investment in capital assets	11,280,775	8,887,529
Restricted	196,371	54,372
Unrestricted	2,710,773	4,038,361
Total net position	\$ 14,187,919	\$ 12,980,262

Village of Marvin, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2022

Government-Wide Financial Analysis (continued)

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 \$14,187,919 as of June 30, 2022. The Village's net position increased by \$1,207,657 for the fiscal year ended June 30, 2022. The largest portion of the Village's net position (79.51%) reflects the Village's net investment in capital assets (e.g. land, sidewalks and easements, roads, buildings, and equipment). The Village of Marvin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. As of the end of the current fiscal year, the Village has only one loan outstanding for the construction of the new Village Hall. An additional portion of the Village of Marvin's net position, \$196,371, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,710,773 is unrestricted.

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

- Diligence in the collection of property taxes by maintaining a tax collection percentage of 99.97% which continues to exceed the state-wide average.
- Ad valorem tax revenue increased over the prior year due to continued growth and the addition of new neighborhoods in the Village.

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

	<u>Governmental Activities 2022</u>	<u>Governmental Activities 2021</u>
Revenues:		
Program revenues:		
Charges for services	\$ 204,335	\$ 96,802
Operating grants and contributions	602,957	147,800
Capital Grants and contributions	731,018	1,239,928
General revenues:		
Property taxes	937,609	759,933
Other taxes	647,857	550,323
Other	46,243	4,030
Total revenues	<u>3,170,019</u>	<u>2,798,816</u>
Expenses:		
General government	822,328	682,892
Public safety	409,799	246,877
Transportation	218,102	312,135
Solid waste	111,168	-
Economic and physical develop.	115,164	138,928
Cultural and recreation	260,993	170,772
Interest on long-term debt	24,808	-
Total expenses	<u>1,962,362</u>	<u>1,551,604</u>
Change in net position	1,207,657	1,247,212
Net position, beginning	12,980,262	11,733,050
Net position - June 30	<u>\$ 14,187,919</u>	<u>\$ 12,980,262</u>

Village of Marvin, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2022

Government-Wide Financial Analysis (continued)

Governmental activities. Governmental activities increased the Village's net position by \$1,207,657, accounting for 100% of the total increase in the net position of the Village of Marvin. The Village of Marvin is committed to improving roads and public safety.

Financial Analysis of the Government'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, the Village of Marvin's fund balance available in the General Fund was \$1,611,355. The Village currently has an available fund balance of 103.04% of General Fund expenditures.

At June 30, 2022, the governmental funds of the Village of Marvin reported a combined fund balance of \$2,967,271 with a net decrease in fund balance of \$1,185,101. This change in fund balance is comprised of an increase in fund balance in the General Fund, as well as an decrease in the fund balance in the Capital Projects Fund from ongoing construction expenditures.

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 reallocated funds for several expenditures that were not anticipated in the original budget including allocating additional resources dedicated to the planning department, increased legal fees, increased auditor fees, and additional funds for the annual tree lighting event.

Village of Marvin, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2022

Capital Assets and Debt Administration

The Village of Marvin's investment in capital assets for its governmental activities as of June 30, 2022 total \$12,382,775 (net of accumulated depreciation). These assets include land, right-of-way easements, sidewalks, roads, furniture and equipment, buildings and park facilities.

The Village of Marvin's Capital Assets
(net of depreciation)
Figure 4

	Governmental	
	Activities	
	2022	2021
Land & improvements	\$ 1,745,578	\$ 1,248,078
Right-of-way easements	1,719,848	1,696,046
Construction in progress	47,045	332,478
Infrastructure	6,534,530	6,467,902
Buildings and improvements	2,116,726	318,963
Equipment and computers	68,174	2,390
Vehicles	20,665	-
Furniture	93,501	287
Leasehold improvements	36,708	1,385
Total capital assets, net	\$ 12,382,775	\$ 10,067,529

Additional information on the Village's capital assets can be found in the notes on page 27 of this report.

Long-term Liabilities. As of June 30, 2022, the Village of Marvin had the following long-term liabilities outstanding:

The Village of Marvin's Outstanding Liabilities
Figure 5

	Governmental	
	Activities	
	2022	2021
Installment purchases	\$ 1,102,000	\$ 1,180,000
Net pension liability (LGERS)	77,753	138,649
Compensated absences	19,670	10,818
Total outstanding		
long-term liabilities	\$ 1,199,423	\$ 1,329,467

The Village of Marvin's long-term liabilities decreased by \$130,044 (9.78%) during the past fiscal year, due to the payment on principal of the loan for a new Village Hall, and decreases in the net pension liability (LGERS).

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Village of Marvin is \$126,155,600. Additional information regarding the Village of Marvin's long-term liabilities can be found in the Notes to the Financial Statements beginning on page 33.

Village of Marvin, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2022

Economic Factors and Next Year's Budgets and Rates

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

- Population Growth. The Village continues to see new construction and population growth resulting in an increase in the Village's tax base. Since 2001, the Village's population has experienced a growth rate of over 614%.
- Employment. The Village benefits from Union County's continued economic development efforts which has seen growth this past year in commercial and industrial projects, and the aerospace industry resulting in thousands of new jobs.
- Schools. Marvin Ridge High School is ranked by US News & World Report the #1 Charlotte, NC Metro Area High School and eighth in North Carolina.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities: Property taxes (benefiting from the economic growth) are expected to increase 2.37% in the current year; the Village's tax rate is \$0.06 per \$100 of assessed property value (property taxes have only increase \$.01 in 15 years to pay for the increased costs associated with additional law enforcement officer as requested by the community). Generally, the Village's budgeted expenditure maintains current service levels without any significant increase in costs with the exception implementation of solid waste services. Additional growths in revenue were used to provide begin solid waste collection as a standardized service offered to residents; this fiscal year displayed one quarter of a year of collections and service expenditures.

Request 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 Christina Amos, Village Manager, Village of Marvin, 10006 Marvin School Road, Marvin, NC 28173. You can also call 704-843-1680, visit our website at www.marvinnc.org, or send an email to finance@marvinnc.org for more information.

Basic Financial Statements

Village of Marvin, North Carolina
Statement of Net Position
June 30, 2022

	Primary Government Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,709,778
Taxes receivables, net	1,348
Accounts receivable, net	38,574
Due from other governments	72,683
Prepaid items	1,300
Restricted cash and cash equivalents	332,744
Total current assets	3,156,427
Noncurrent assets:	
Capital assets (Note 3):	
Land, and non-depreciable improvements	3,512,471
Other capital assets, net of depreciation	8,870,304
Total capital assets	12,382,775
Total assets	15,539,202
 DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	147,034
Total deferred outflows of resources	147,034
 LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	51,435
Deposits in escrow	33,023
Compensated absences	19,670
Current portion of long-term debt	79,000
Total current liabilities	183,128
Long-term liabilities:	
Non-current portion of long-term debt	1,023,000
Net pension liability	77,753
Total long term liabilities	1,100,753
Total liabilities	1,283,881
 DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	111,086
Unspent grant proceeds	103,350
Total deferred inflows of resources	214,436
 NET POSITION	
Net investment in capital assets	11,280,775
Restricted for:	
Stabilization by State Statute	111,257
Streets	85,114
Unrestricted	2,710,773
Total net position	\$ 14,187,919

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, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
Primary government:						
Governmental Activities:						
General government	\$ 822,328	\$ 58,252	\$ 192,862	\$ -	\$ (571,214)	\$ (571,214)
Public safety	409,799	-	199,557	-	(210,242)	(210,242)
Transportation	218,102	-	167,840	731,018	680,756	680,756
Solid waste	111,168	116,391	-	-	5,223	5,223
Economic and physical develop.	115,164	-	10,020	-	(105,144)	(105,144)
Cultural and recreational	260,993	29,692	32,678	-	(198,623)	(198,623)
Interest on long-term debt	24,808	-	-	-	(24,808)	(24,808)
Total governmental activities	\$ 1,962,362	\$ 204,335	\$ 602,957	\$ 731,018	(424,052)	(424,052)
General revenues:						
Taxes:						
Property taxes, levied for general purpose					937,609	937,609
Other taxes					647,857	647,857
Investment earnings, unrestricted					3,018	3,018
Investment earnings, restricted					15	15
Miscellaneous, unrestricted					43,210	43,210
Total general revenues					1,631,709	1,631,709
Change in net position					1,207,657	1,207,657
Net position, beginning					12,980,262	12,980,262
Net position, ending					\$ 14,187,919	\$ 14,187,919

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

Village of Marvin, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022

	<u>Major Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>American Rescue Plan Fund</u>	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,487,709	\$ 222,069	\$ -	\$ 2,709,778
Restricted cash and cash equivalents	229,394	-	103,350	332,744
Taxes receivable, net	1,348	-	-	1,348
Accounts receivable, net	38,574	-	-	38,574
Due from other governments	72,683	-	-	72,683
Prepaid expenses	1,300	-	-	1,300
Total assets	\$ 2,831,008	\$ 222,069	\$ 103,350	\$ 3,156,427
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	\$ 51,435	\$ -	\$ -	\$ 51,435
Deposits in escrow	33,023	-	-	33,023
Total liabilities	84,458	-	-	84,458
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Property taxes receivable	1,348	-	-	1,348
Unspent grant proceeds	-	-	103,350	103,350
Total deferred inflows of resources	1,348	-	103,350	104,698
<u>FUND BALANCES</u>				
Non Spendable				
Prepaid expense	1,300	-	-	1,300
Restricted				
Stabilization by State Statute	111,257	-	-	111,257
Streets	85,114	-	-	85,114
Committed				
Parks and recreation	138,262	-	-	138,262
Capital projects fund	-	222,069	-	222,069
Assigned				
Land acquisition	364,797	-	-	364,797
Road improvements	99,914	-	-	99,914
Loop projects	138,012	-	-	138,012
Capital asset replacement	15,659	-	-	15,659
Future capital projects	7,947	-	-	7,947
Village signs	10,000	-	-	10,000
Reserves	161,585	-	-	161,585
Unassigned	1,611,355	-	-	1,611,355
Total fund balances	2,745,202	222,069	-	2,967,271
Total liabilities, deferred inflows of resources and fund balances	\$ 2,831,008	\$ 222,069	\$ 103,350	\$ 3,156,427

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

Village of Marvin, North Carolina
Balance Sheet
Governmental Funds (continued)
June 30, 2022

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

Total Fund Balance, Governmental Funds		\$ 2,967,271
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		
Gross capital assets at historical cost	13,072,806	
Accumulated depreciation	<u>(690,031)</u>	12,382,775
Deferred outflows of resources related to pensions are not reported in the fund statements.		
		147,034
Earned revenues are considered deferred inflows of resources in fund statements		
		1,348
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Long term debt		(1,102,000)
Compensated absences		(19,670)
Net pension liability		(77,753)
Deferred inflows of resources related to pensions are not reported in the funds		
		<u>(111,086)</u>
Net position of governmental activities		<u><u>\$ 14,187,919</u></u>

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
For the Year Ended June 30, 2022

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	American Rescue Plan Fund	
Revenues:				
Ad valorem taxes	\$ 935,311	\$ -	\$ -	\$ 935,311
Unrestricted intergovernmental	647,857	-	-	647,857
Restricted intergovernmental	167,840	-	435,117	602,957
Permits and fees	58,252	-	-	58,252
Sales and services	146,083	-	-	146,083
Investment earnings	3,033	-	-	3,033
Miscellaneous	43,210	-	-	43,210
Total revenues	<u>2,001,586</u>	<u>-</u>	<u>435,117</u>	<u>2,436,703</u>
Expenditures:				
General government	615,832	1,622,833	192,862	2,431,527
Public safety	210,242	-	199,557	409,799
Transportation	75,141	-	-	75,141
Solid waste	111,168	-	-	111,168
Economic development	177,495	-	10,020	187,515
Cultural and recreational	271,168	-	32,678	303,846
Debt service:				
Principal	78,000	-	-	78,000
Interest	24,808	-	-	24,808
Total expenditures	<u>1,563,854</u>	<u>1,622,833</u>	<u>435,117</u>	<u>3,621,804</u>
Excess (deficiency) of revenues over expenditures	<u>437,732</u>	<u>(1,622,833)</u>	<u>-</u>	<u>(1,185,101)</u>
Other financing sources (uses):				
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	437,732	(1,622,833)	-	(1,185,101)
Fund balance, beginning	2,307,470	1,844,902	-	4,152,372
Fund balances, ending	<u>\$ 2,745,202</u>	<u>\$ 222,069</u>	<u>\$ -</u>	<u>\$ 2,967,271</u>

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

Village of Marvin, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

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

Net change in fund balances - total governmental funds \$ (1,185,101)

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.

Capital outlay expenditures which were capitalized	\$ 2,489,051	
Loss on disposal of capital assets	-	
Depreciation expense for governmental assets	<u>(173,805)</u>	2,315,246

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	47,251
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	(2,298)
--	---------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of longterm debt and related items.

Principal payments on long-term debt	78,000
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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.

Compensated absences	(8,852)	
Pension revenue (expense)	<u>(36,589)</u>	<u>(45,441)</u>

Total changes in net position of governmental activities	<u><u>\$ 1,207,657</u></u>
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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 Balances-
Budget and Actual
For the Year Ended June 30, 2022

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 931,082	\$ 931,082	\$ 935,311	\$ 4,229
Unrestricted intergovernmental	529,682	529,682	647,857	118,175
Restricted intergovernmental	147,000	147,000	167,840	20,840
Permits and fees	206,050	56,050	58,252	2,202
Sales and services	15,300	207,075	146,083	(60,992)
Investment earnings	2,000	2,000	3,033	1,033
Miscellaneous	30,000	31,400	43,210	11,810
Total revenues	<u>1,861,114</u>	<u>1,904,289</u>	<u>2,001,586</u>	<u>85,487</u>
Expenditures:				
General government	783,741	704,183	615,832	88,351
Public safety	261,590	261,590	210,242	51,348
Transportation	252,423	312,332	75,141	237,191
Solid waste	150,000	135,000	111,168	23,832
Economic development	254,302	254,602	177,495	77,107
Cultural and recreational	224,058	304,732	271,168	33,564
Debt service	-	102,808	102,808	-
Contingency	50,000	8,900	-	8,900
Total expenditures	<u>1,976,114</u>	<u>2,084,147</u>	<u>1,563,854</u>	<u>520,293</u>
Revenues over (under) expenditures	<u>(115,000)</u>	<u>(179,858)</u>	<u>437,732</u>	<u>617,590</u>
Fund balance appropriated	<u>115,000</u>	<u>179,858</u>	<u>-</u>	<u>179,858</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>437,732</u>	<u>\$ 437,732</u>
Fund balance, beginning			<u>2,307,470</u>	
Fund balance, ending			<u>\$ 2,745,202</u>	

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

Notes to the Financial Statements

Village of Marvin, North Carolina
Notes to the Financial Statements
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Marvin, North Carolina 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 a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present only the Village of Marvin, as there were no entities which met the requirements of a component unit.

B - Basis of Presentation

Government-wide Statements: The statement of net position and statement of activities display information about the primary government. These statements include the financial activities of the overall government. The Village has only governmental 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 and 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 Town has no fiduciary funds to report. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column.

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, state grants, and various state-shared revenues. The primary expenditures are for public safety, transportation, zoning, and general governmental services.

Capital Projects Fund - This fund is used for the construction, rehabilitation and acquisition of major capital assets, such as buildings, equipment, roads and greenways.

American Rescue Plan Fund - This fund is used to account for grant funds restricted for use specified by the Coronavirus State and Local Fiscal Recovery Funds of H.R. 1319 American Rescue Plan Act of 2021.

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 accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the 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, include property taxes, grants and donations.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C - Measurement Focus and Basis of Accounting (continued)

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

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

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

Sales taxes and certain intergovernmental revenues, such as the 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 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 revenue 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-reimbursed 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, and then by 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 Projects Fund. All budgets are prepared using the modified accrual basis of accounting.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D - Budgetary Data (continued)

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project 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 Village Council, and the Council must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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 are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT - Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT - Term Portfolio's securities are valued at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2022, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Village pools money from both 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 Assets

Customer deposits held by the Village before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. ARPA funds are restricted to be spent in compliance with the American Rescue Plan Act.

Village of Marvin's Restricted Cash

Governmental Activities:

General Fund:

Escrow deposits	\$ 33,023
Streets	85,114
Stabalization by State Statute	111,257
Total General Fund	229,394

American Rescue Plan Fund:

ARPA funds	103,350
Total American Rescue Plan Fund	103,350

Total Restricted Cash	\$ 332,744
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Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

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 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, 2021.

5. Allowance 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, 2022.

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.

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 plan and distributions systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$1,000; and vehicles, \$10,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are recorded at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Infrastructure	50
Improvements	39
Furniture and Equipment	7
Computer Equipment	5 - 7

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 meet this criterion – pension related deferrals for the 2022 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 three items that meet the criteria for this category – property taxes receivable, unspent grant proceeds, and pension related deferrals.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

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 governmental-wide financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Village has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated 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 does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position / Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Nonspendable 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 - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.*

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

11. Net Position / Fund Balances (continued)

Restricted for Stabilization by State Statute (continued)

Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted net position and Restricted fund balance on the face of the balance sheet.

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

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 - committed for parks and recreation.

Capital Projects Fund - committed to construction, rehabilitation and acquisition of major capital assets, such as buildings, equipment, roads, and greenways.

Assigned Fund Balance - portion of fund balance that the Village 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 Road Improvements - portion of fund balance that has been assigned by the Village Council for expenditures related to road paving and improvements in excess of amounts funded by the Powell Bill.

Assigned for Loop Projects - portion of fund balance that has been assigned by the Village Council for expenditures related to the Village of Marvin’s 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 Future Capital Projects - portion of fund balance that has been assigned by Village Council for expenditures related to future capital projects.

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

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 - portion of 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.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Village of Marvin's employer contributions are recognized when due and the Village 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. Reimbursements for Pandemic-Related Expenditures

In fiscal year 2021, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and to replace lost revenue for eligible state, local, territorial, and tribal governments. The Village was allocated \$1,076,933 of fiscal recovery funds to be paid in two equal installments. The first installment of \$538,467 was received during the fiscal year. The second installment will be received within the next few months. Village staff and the Board of Commissioners have elected to use \$9,000 of the ARPA funds for loss of revenues, \$235,000 for public health responses, \$483,000 for water and sewer infrastructure expenses, \$120,000 for premium pay, and \$229,933 for other expenses.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Noncompliance with North Carolina General Statutes

None.

2. Contractual Violations

None.

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

None.

C - Excess of Expenditures over Appropriations

None.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - 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 agents in the unit's name.

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.

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, 2022, the Village's deposits had a carrying amount of \$3,042,332 and a bank balance of \$3,417,549. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2022, the Village's petty cash fund totaled \$190.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

A - Assets (continued)

2. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

Governmental activities:	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land and improvements	\$ 1,248,078	\$ 497,500	\$ -	\$ 1,745,578
Right-of-way easements	1,696,046	23,802	-	1,719,848
Construction in progress	332,478	1,530,821	1,816,254	47,045
Total capital assets not being depreciated	<u>3,276,602</u>	<u>2,052,123</u>	<u>1,816,254</u>	<u>3,512,471</u>
Capital assets being depreciated:				
Leasehold improvements	2,513	35,628	-	38,141
Buildings and improvements	418,452	1,816,254	-	2,234,706
Infrastructure	6,788,612	209,716	-	6,998,328
Vehicles	-	25,304	-	25,304
Equipment and computers	71,746	70,498	-	142,244
Furniture	25,830	95,782	-	121,612
Total capital assets being depreciated	<u>7,307,153</u>	<u>2,253,182</u>	<u>-</u>	<u>9,560,335</u>
Less accumulated depreciation for:				
Leasehold improvements	1,128	305	-	1,433
Buildings and improvements	99,489	18,491	-	117,980
Infrastructure	320,710	143,088	-	463,798
Vehicles	-	4,639	-	4,639
Equipment and computers	69,356	4,714	-	74,070
Furniture	25,543	2,568	-	28,111
Total accumulated depreciation	<u>516,226</u>	<u>173,805</u>	<u>-</u>	<u>690,031</u>
Total capital assets being depreciated, net	<u>6,790,927</u>			<u>8,870,304</u>
Governmental activities capital assets, net	<u>\$ 10,067,529</u>			<u>\$ 12,382,775</u>

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

General government	\$ 11,921
Transportation	143,088
Cultural and recreational	18,796
Total depreciation expense	<u>\$ 173,805</u>

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

B - Liabilities

1. Pension Plan and Postemployment 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 and local law enforcement officers (LEOs) of participating local governmental 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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 (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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, 2022, was 9.70% of compensation for law enforcement officers and 8.95% 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 \$47,251 for the year ended June 30, 2022.

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, 2022, the Village reported a liability of \$77,753 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Village's proportion of the net pension liability 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, 2021, the Village's proportion was 0.00507%, which was an increase of 0.00119% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Village recognized pension expense of \$36,588. At June 30, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,736	\$ -
Changes of assumptions	48,849	-
Net difference between projected and actual earnings on pension plan investments	-	111,086
Changes in proportion and differences between Village contributions and proportionate share of contributions	26,198	-
Village contributions subsequent to the measurement date	47,251	-
Total	<u>\$ 147,034</u>	<u>\$ 111,086</u>

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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

\$47,251 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2023	\$	18,013
2024		7,365
2025		(2,688)
2026		(33,993)
2027		-
Thereafter		-
	<u>\$</u>	<u>(11,303)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

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

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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

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

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 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 3.25%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that 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 liability to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 301,832	\$ 77,753	\$ 106,650

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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

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

2. Deferred Outflows and Inflows of Resources

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

<u>Source</u>	<u>Amount</u>
Contributions to the pension plan in the current fiscal year	\$ 47,251
Differences between expected and actual experience	24,736
Changes of assumptions	48,849
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	26,198
Total	\$ 147,034

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable, less penalties (General Fund)	\$ -	\$ 1,348
Unspent grant proceeds	103,350	103,350
Net difference between projected and actual earnings on pension plan investments	111,086	-
Differences between expected and actual experience	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-
Total	\$ 214,436	\$ 104,698

3. Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; including flood insurance; 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 and auto liability coverage of \$5 million and \$1 million per occurrence, respectively, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

3. Risk Management (continued)

The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Village Council each year. Stop loss insurance is purchased by the Village Council to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Village Council 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 the finance officer and tax collector, in the amount of \$100,000 and \$60,000, respectively, and \$10,000 for all other employees.

4. Claims, Judgements, and Contingent Liabilities

At June 30, 2022, the Village was a defendant in one lawsuit. In the opinion of the Village's management and the Village attorney, the ultimate effect of this legal matter will not have a material adverse effect on the Village's financial position.

5. Long-Term Obligations

a. Operating Leases

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, 2022 totaled \$10,980.

In September 2022, the Village entered into a five year lease for office equipment. The lease expires in August 2025. Lease expense for the year ended June 30, 2022 totaled \$1,608.

The future minimum lease obligations of these minimum lease payments are as follows:

<u>Years Ending June 30:</u>	<u>Payments</u>
2023	\$ 1,754
2024	1,754
2025	1,754
Total	<u>\$ 5,262</u>

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

5. Long-Term Obligations (continued)

b. Installment Purchases

On May 13, 2022, the Village entered into a 15-year direct borrowing contract for the construction of the Village Hall Project. The loan will be paid in annual installments, beginning on October 1, 2022 of amounts ranging from \$78,000 to \$79,000 not including interest of 2.30%. The original amount financed was \$1,180,000. The Village Hall property is collateral for the loan. The balance due at June 30, 2022 was \$1,102,000.

Annual debt service requirements to maturity of long-term installment purchases are as follows:

Years Ending June 30:	Governmental Activities	
	Principal	Interest
2023	\$ 79,000	\$ 26,228
2024	79,000	24,347
2025	79,000	22,467
2026	79,000	20,587
2027	79,000	18,707
2028-2032	395,000	65,331
2033-2036	312,000	18,564
Total	\$ 1,102,000	\$ 196,231

c. Changes in Long-Term Liabilities

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

	Beginning Balances	Increases	Decreases	Ending Balance	Current Portion
Governmental activities:					
Direct borrowing installment purchase	\$ 1,180,000	\$ -	\$ (78,000)	\$ 1,102,000	\$ 79,000
Compensated absences	10,818	8,852	-	19,670	19,670
Net pension liability (LGERS)	138,649	-	(60,896)	77,753	-
Governmental activity long-term liabilities	\$ 1,329,467	\$ 8,852	\$ (138,896)	\$ 1,199,423	\$ 98,670

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

C - Fund Balance

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

Total Fund Balance - General Fund	\$ 2,745,202
Less:	
Prepaid Expenditures	1,300
Stabilization by State Statute	111,257
Streets	85,114
Parks and Recreation	138,262
Land Acquisition	364,797
Road Improvements	99,914
Loop Projects	138,012
Capital Asset Replacement	15,659
Future Capital Projects	7,947
Village Signs	10,000
Reserves	161,585
Remaining Fund Balance	\$ 1,611,355

D - Net Investment in Capital Assets

	<u>Governmental</u>
Capital assets	\$ 12,382,775
less: long-term debt	(1,102,000)
Net investment in capital assets	<u>\$ 11,280,775</u>

NOTE 4 - INTERLOCAL AGREEMENTS

In February 2005, the Village entered into an interlocal agreement with the county for law enforcement services. This contract is renewed annually. The amount expended for the year ending June 30, 2022 was \$210,242.

NOTE 5 - COMMIMENTS

In December 2021, the Village entered into an agreement with a vendor for waste disposal services. The initial term of the contract is through March 30, 2027, renewal for two two-year terms. The amount expended for the year ending June 30, 2022 was \$111,168.

NOTE 5 - SUBSEQUENT EVENTS

There are no subsequent events that would have a material effect on the financial statements. Subsequent events were evaluated through December 22, 2022 which is the date the financial statements were available to be issued.

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 Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System

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

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Marvin's proportion of the net pension liability (asset) (%)	0.00507%	0.00388%	0.00365%	0.00146%	0.00110%
Marvin's proportion of the net pension liability (asset) (\$)	\$ 77,753	\$ 138,649	\$ 99,679	\$ 34,636	\$ 16,804
Marvin's covered-employee payroll	\$ 265,285	\$ 229,276	\$ 200,948	\$ 123,364	\$ 140,811
Marvin's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29.31%	60.47%	49.60%	28.08%	11.93%
Plan fiduciary net position as a percentage of the total pension liability	95.51%	91.63%	94.18%	91.47%	98.09%

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Marvin's proportion of the net pension liability (asset) (%)	0.00296%	0.00370%	0.00245%	0.00300%
Marvin's proportion of the net pension liability (asset) (\$)	\$ 62,820	\$ 16,605	\$ (14,449)	\$ 36,162
Marvin's covered-employee payroll	\$ 128,510	\$ 155,123	\$ 109,079	\$ 109,079
Marvin's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	48.88%	10.70%	-13.25%	33.15%
Plan fiduciary net position as a percentage of the total pension liability	99.07%	102.64%	94.35	96.45%

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

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

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

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 47,251	\$ 26,926	\$ 20,520	\$ 15,573	\$ 9,252
Contributions in relation to the contractually required contribution	47,251	26,926	20,520	15,573	9,252
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Marvin's covered-employee payroll	\$ 416,308	\$ 265,285	\$ 229,276	\$ 200,948	\$ 123,364
Contributions as a percentage of covered-employee payroll	11.35%	10.15%	8.95%	7.75%	7.50%

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 10,209	\$ 11,754	\$ 15,179	\$ 8,061
Contributions in relation to the contractually required contribution	10,209	11,754	15,179	8,061
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Marvin's covered-employee payroll	\$ 140,811	\$ 128,510	\$ 155,123	\$ 109,079
Contributions as a percentage of covered-employee payroll	7.25%	9.15%	9.79%	7.39%

Individual Fund Statements and Schedules

Village of Marvin, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year ad valorem taxes	\$	\$ 868,723	\$
Motor vehicle taxes		65,707	
Interest		881	
Total	<u>931,082</u>	<u>935,311</u>	<u>4,229</u>
Unrestricted intergovernmental:			
Beer and wine tax		25,341	
Utility sales tax		306,055	
Local option sales taxes		316,461	
Total	<u>529,682</u>	<u>647,857</u>	<u>118,175</u>
Restricted intergovernmental:			
Powell Bill allocation		167,840	
Total	<u>147,000</u>	<u>167,840</u>	<u>20,840</u>
Permits and fees:			
Zoning fees		58,252	
Total	<u>56,050</u>	<u>58,252</u>	<u>2,202</u>
Sales and services:			
Recreation department fees		29,692	
Solid waste fees		116,391	
Total	<u>207,075</u>	<u>146,083</u>	<u>(60,992)</u>
Investment earnings	<u>2,000</u>	<u>3,033</u>	<u>1,033</u>
Other			
Miscellaneous revenues		43,210	
Total	<u>31,400</u>	<u>43,210</u>	<u>11,810</u>
Total revenues	<u>\$ 1,904,289</u>	<u>\$ 2,001,586</u>	<u>\$ 97,297</u>

Village of Marvin, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Administration:			
Salaries and benefits	\$	\$ 346,307	\$
Stipends - Mayor, Council & Boards		53,682	
Professional services		102,841	
Training		5,514	
Dues and subscriptions		12,782	
Election		5,927	
Furniture and equipment		2,948	
Gifts		95	
Insurance and bonds		14,112	
Occupancy		28,394	
Office expenses and supplies		43,230	
Total	<u>704,183</u>	<u>615,832</u>	<u>88,351</u>
Public safety:			
Police:			
Professional services		210,242	
Total	<u>261,590</u>	<u>210,242</u>	<u>51,348</u>
Transportation:			
Streets and highways		75,141	
Total	<u>312,332</u>	<u>75,141</u>	<u>237,191</u>
Solid waste:			
Other operating expenditures		111,168	
Total	<u>135,000</u>	<u>111,168</u>	<u>23,832</u>
Economic and physical development:			
Zoning:			
Salaries and benefits		55,539	
Professional services		121,956	
Total	<u>254,602</u>	<u>177,495</u>	<u>77,107</u>
Cultural and recreational:			
Salaries and benefits		124,135	
Community events		39,744	
Park operations		51,210	
Greenway loop projects		30,775	
Capital outlay		25,304	
Total	<u>\$ 304,732</u>	<u>\$ 271,168</u>	<u>\$ 33,564</u>

Village of Marvin, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt service:			
Principal retirement	\$	\$ 78,000	\$
Interest and fees		24,808	
Total	<u>102,808</u>	<u>102,808</u>	<u>-</u>
Contingency	<u>8,900</u>	<u>-</u>	<u>8,900</u>
Total expenditures	<u>2,084,147</u>	<u>1,563,854</u>	<u>520,293</u>
Revenues over (under) expenditures	<u>(179,858)</u>	<u>437,732</u>	<u>617,590</u>
Fund balance appropriated	<u>179,858</u>	-	<u>179,858</u>
Net change in fund balances	<u>\$ -</u>	<u>437,732</u>	<u>\$ 437,732</u>
Fund balance, beginning		<u>2,307,470</u>	
Fund balance, ending		<u>\$ 2,745,202</u>	

Village of Marvin, North Carolina
American Rescue Plan Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
From Inception and For the Year Ended June 30, 2022

	<u>Project</u> <u>Authorization</u>	<u>Prior Year</u>	<u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues:					
ARPA funds	\$ 1,076,933	\$ -	\$ 435,117	\$ 435,117	\$ (641,816)
Total revenues	<u>1,076,933</u>	<u>-</u>	<u>435,117</u>	<u>435,117</u>	<u>(641,816)</u>
Expenditures:					
Loss of revenues	9,000	-	-	-	9,000
Public health response	235,000	-	149,749	149,749	85,251
Water/sewer infrastructure	483,000	-	125,970	125,970	357,030
Premium pay	120,000	-	107,801	107,801	12,199
Other	229,933	-	51,597	51,597	(178,336)
Total expenditures	<u>1,076,933</u>	<u>-</u>	<u>435,117</u>	<u>435,117</u>	<u>285,144</u>
Revenues under expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

Village of Marvin, North Carolina
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
From Inception and For the Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Village hall	2,144,425	436,779	1,598,888	2,035,667	108,758
Greenway loop extensions	138,500	80,488	-	80,488	58,012
Farmers' market	25,000	-	-	-	25,000
Greenway trails construction/maint.	56,450	2,206	23,945	26,151	30,299
Road improvements	694,961	694,961	-	694,961	-
Total expenditures	<u>3,059,336</u>	<u>1,214,434</u>	<u>1,622,833</u>	<u>2,837,267</u>	<u>222,069</u>
Revenues under expenditures	(3,059,336)	(1,214,434)	(1,622,833)	(2,837,267)	222,069
Other financing sources (uses):					
Transfers from General Fund	1,979,250	1,979,250	-	1,979,250	-
Transfers to General Fund	(99,914)	(99,914)	-	(99,914)	-
Loan proceeds	1,180,000	1,180,000	-	1,180,000	-
Total other sources (uses)	<u>3,059,336</u>	<u>3,059,336</u>	<u>-</u>	<u>3,059,336</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,844,902</u>	<u>(1,622,833)</u>	<u>\$ 222,069</u>	<u>\$ 222,069</u>
Fund balance, beginning			<u>1,844,902</u>		
Fund balance, ending			<u>\$ 222,069</u>		

Other Schedules

This section contains additional information 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, 2022

<u>Fiscal Year</u>	<u>Uncollected Balances June 30, 2021</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balances June 30, 2022</u>
2021-2022	\$ -	\$ 946,167	\$ 945,901	\$ 266
2020-2021	3,127	-	2,402	725
2019-2020	378	-	146	232
2018-2019	55	-	-	55
2017-2018	20	-	16	4
2016-2017	4	-	-	4
2015-2016	-	-	-	-
2014-2015	62	-	-	62
	<u>\$ 3,646</u>	<u>\$ 946,167</u>	<u>\$ 948,465</u>	<u>1,348</u>

Less: allowance for uncollectible accounts - General Fund -

Ad valorem taxes receivable - net \$ 1,348

Reconciliation to revenues:

Ad valorem taxes - General Fund	\$ 935,311
Reconciling items:	
Discounts, releases, refunds	14,035
Interest collected	<u>(881)</u>
Total collections and credits	<u><u>\$ 948,465</u></u>

Village of Marvin, North Carolina
Analysis of Current Year Tax Levy
For the Year Ended June 30, 2022

	Village-Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
Property taxed at current year's rate	<u>\$ 1,576,945,000</u>	\$ 0.06	<u>\$ 946,167</u>	<u>\$ 880,460</u>	<u>\$ 65,707</u>
Total	<u>1,576,945,000</u>		<u>946,167</u>	<u>880,460</u>	<u>65,707</u>
Discoveries	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Releases	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Total property valuation	<u><u>\$ 1,576,945,000</u></u>				
Net levy			946,167	880,460	65,707
Uncollected taxes at June 30, 2022			<u>(266)</u>	<u>(266)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 945,901</u>	<u>\$ 880,194</u>	<u>\$ 65,707</u>
Current levy collection percentage			<u>99.97%</u>	<u>99.97%</u>	<u>100.00%</u>

Compliance Section

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

Independent Auditor's Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on An Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and each major fund of the Village of Marvin, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises the Village of Marvin's basic financial statements and have issued our report thereon dated December 22, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be material weakness (item 2022-1).

Compliance and Other Matters

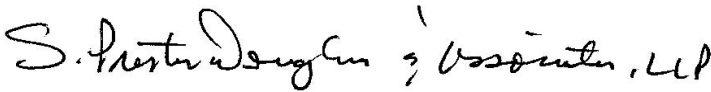
As part of obtaining reasonable assurance about whether the Village of Marvin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and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

Village of Marvin's Response to Findings

The Village of Marvin's response to the finding identified in our audit are described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

Handwritten signature of S. Preston Douglas, III, CPA. The signature is written in cursive and includes the name and the letters 'CPA' at the end.

Lumberton, North Carolina
December 22, 2022

**Village of Marvin, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022**

Section I. Summary of Auditor's Results
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Financial Statements

Type of auditor's report issued:	Unmodified.
Internal control over financial reporting:	
<ul style="list-style-type: none"> • Material weakness(es) identified? _____ no • Significant deficiency(s) identified that are not considered to be material weaknesses _____ yes <u> X </u> none reported • Noncompliance material to financial statements _____ yes <u> X </u> no 	

Section II. Financial Statement Findings

MATERIAL WEAKNESS

2022-001 Segregation of Duties:

Criteria

Effective internal control over financial reporting requires adequate segregation of duties to ensure that no one person can initiate, approve, record and reconcile or adjust accounting transactions.

Condition

Many of the Village of Marvin's financial operations are carried out or overseen by the Finance Officer, who is involved with execution of daily activities and processing and reconciliation of supporting accounting records.

Cause

Village of Marvin has limited staff, many of which work on a part time basis which makes it difficult to segregate all accounting functions, even with the involvement of the Village Council members.

Effect

While this limitation is not unusual for organizations the size of the Village of Marvin, the lack of adequate segregation of accounting functions can result in errors and irregularities (intentional and unintentional) occurring and not being identified in a timely manner.

Recommendation

We recommend that Village of Marvin identify critical accounting functions that need to be performed to ensure that accounting records are complete, properly authorized and accurate. In addition, we recommend that the Council involve its members in any such activities identified.

Views of Responsible Officials

The Village agrees with the finding and agrees to adhere to the corrective action plan on page 48.



VILLAGE OF MARVIN

10004 New Town Road | Marvin, NC | 28173 | Tel: (704) 843-1680 | Fax: (704) 843-1660 | www.marvinnc.org

Corrective Action Plan

Finding 2022-001

Segregation of Duties

Name of contact person: Christina Amos, Village Administrator

Corrective Action: The Village has implemented several reviews intended to mitigate the segregation of duties issues. The Village Administrator performs a review and final approval of all expenditure transactions, and counter-signs all issued checks, and reviews budget to actual financial reports regularly. In addition, a member of the Village Council reviews bank reconciliations, check images, and journal entry reports monthly. Further, detail reports showing revenue and expenditure transactions are provided to the Village Council and posted to the Village's website monthly.

We will continue to monitor this area and will assess the needs of hiring additional finance personnel or hiring a third party to assist in the day to day financial reporting responsibilities as funding sees appropriate.

Proposed Completion Date: The Village will implement the above procedures immediately.

Village of Marvin, North Carolina
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

Finding: 2021-1
Status: The finding has not been corrected.

Finding: 2020-1
Status: The finding has not been corrected.

Finding: 2019-1
Status: The finding has not been corrected.

Finding: 2018-1
Status: The finding has been corrected.

Finding: 2018-2
Status: The finding has been corrected.