

**Village of Marvin
Marvin, North Carolina**

Audited Financial Statements

Year Ended June 30, 2025

Village of Marvin, North Carolina

Audited Financial Statements

For the Year Ended June 30, 2025

VILLAGE COUNCIL MEMBERS

Joe Pollino, Mayor

Kim Vandenberg, Mayor Pro Tempore

Robert Marcolese

Jamie Lein

Wayne Deatherage

Andy Wortman

John Baresich

ADMINISTRATIVE AND FINANCIAL STAFF

Christina Amos, Village Manager

Jill Carilli, Finance Director

Village of Marvin, North Carolina
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June 30, 2025

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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, each major fund, and the aggregate remaining fund information of the Village of Marvin, North Carolina, as of and for the year ended June 30, 2025, 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, each major fund, and the aggregate remaining fund information of the Village of Marvin, North Carolina, as of June 30, 2025, 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 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 *Government 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 *Government 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 38 and 39 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

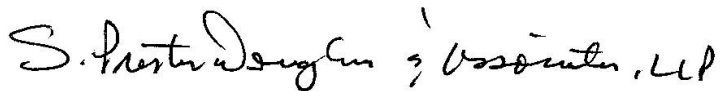
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Village of Marvin, North Carolina. The individual fund financial statements, budgetary schedules, and other schedules are presented for purposes of 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 12, 2025 on our consideration of the Village of Marvin, North Carolina 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, North Carolina's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "S. Porter Douglas, Jr." followed by a stylized flourish.

Ocean Isle Beach, North Carolina
December 12, 2025

Management's Discussion and Analysis

Village of Marvin, North Carolina
Management's Discussion and Analysis
June 30, 2025

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, 2025. 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 \$1,643,803, or approximately 60.51% 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 \$3,969,721.
- As of June 30, 2025, the Village of Marvin had \$1,681,736 in fund balances that were either committed or assigned for particular purposes, such as Capital Projects, Parks and Recreation, Land Acquisition, Roundabout 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 \$21,696,665 (net position).
- The Village of Marvin's total net position increased by \$2,438,359, which represents 11.24% of the net position. This was mostly due to the increase in capital grants and contributions. This increase is only for Fiscal Year ended June 30, 2025.
- The Village of Marvin only has one outstanding debt commitment for its newly constructed Village Hall at \$865,000 and is set to mature in 2036.
- The Village of Marvin's approved Capital Improvement Plan has \$11,766,486 of anticipated projects for FY 2026-2030. The Capital Improvement Plan includes projects proposed for the following years are as follows:
 - FY 2025-26 \$ 1,699,260
 - FY 2026-27 \$ 1,683,310
 - FY 2027-28 \$ 2,170,959
 - FY 2028-29 \$ 4,918,909
 - FY 2029-30 \$1,267,848
 - After 2030 \$26,200

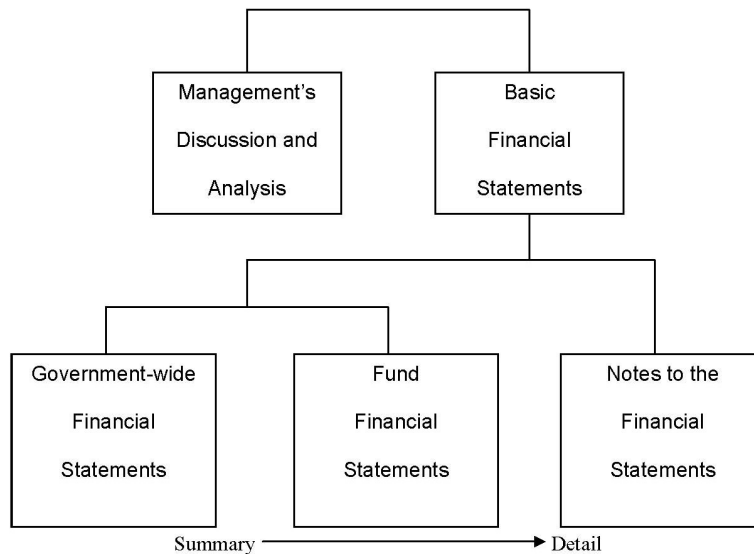
Village of Marvin, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2025

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.

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, 2025

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, 2025

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 19-34 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 35 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 2025	Governmental Activities 2024
Current and other assets	\$ 4,359,158	\$ 4,283,868
Capital assets	18,895,740	16,872,169
Total assets	<u>23,254,898</u>	<u>21,156,037</u>
Deferred Outflows of Resources	<u>261,242</u>	<u>294,476</u>
Current liabilities	233,824	251,704
Long-term liabilities	1,276,442	1,313,317
Total liabilities	<u>1,510,266</u>	<u>1,565,021</u>
Deferred Inflows of Resources	<u>309,209</u>	<u>627,186</u>
Net position		
Net investment in capital assets	18,030,740	15,928,169
Restricted	524,103	343,979
Unrestricted	3,141,822	2,986,158
Total net position	<u>\$ 21,696,665</u>	<u>\$ 19,258,306</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Village of Marvin exceeded liabilities and deferred inflows by \$21,696,665 as of June 30, 2025. The Village's net position increased by \$2,438,359. The largest portion of the Village's net position (83.10%) 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, \$524,103, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$3,141,822 is unrestricted.

Village of Marvin, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2025

Government-Wide Financial Analysis (continued)

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 100.00% 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

	Governmental Activities 2025	Governmental Activities 2024
Revenues:		
Program revenues:		
Charges for services	\$ 709,748	\$ 680,029
Operating grants and contributions	633,956	347,052
Capital Grants and contributions	1,686,069	853,617
General revenues:		
Property taxes	1,352,257	995,609
Other taxes	767,264	752,065
Other	192,299	177,830
Total revenues	<u>5,341,593</u>	<u>3,806,202</u>
Expenses:		
General government	1,072,601	1,075,913
Public safety	274,576	235,383
Transportation	308,293	431,550
Solid waste	499,040	424,765
Economic and physical develop.	194,775	221,815
Cultural and recreation	215,215	171,612
Public works	316,267	306,039
Interest on long-term debt	22,467	24,348
Total expenses	<u>2,903,234</u>	<u>2,891,425</u>
Change in net position	2,438,359	914,777
Net position, beginning, as previously stated	19,258,306	14,810,849
Restatement	-	3,532,680
Net position, beginning, as restated	<u>19,258,306</u>	<u>18,343,529</u>
Net position - June 30	<u>\$ 21,696,665</u>	<u>\$ 19,258,306</u>

Village of Marvin, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2025

Government-Wide Financial Analysis (continued)

Governmental activities. Governmental activities increased the Village's net position by \$2,438,359, 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. An increase in capital grants and contributions increased the Village's net position by an additional \$832,452.

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 \$1,643,803. The Village currently has an available fund balance of 60.51% of General Fund expenditures.

At June 30, 2025, the governmental funds of the Village of Marvin reported a combined fund balance of \$3,969,721 with a net increase in fund balance of \$398,503 over the prior fiscal year. This change in fund balance is comprised of an increase in fund balance in the General Fund, as well as an increase in the fund balance in the Capital Projects Fund from ongoing construction.

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.

For the fiscal year ended June 30, 2025, the General Fund budget reflected a planned decrease in fund balance of \$409,616. This decrease was primarily attributable to authorized transfers and the use of prior-year resources rather than operational shortfalls. Of the total amount, \$407,116 consisted of transfers from unassigned fund balance for capital projects, stormwater repairs, construction cost overruns related to a NCDOT roundabout project, the establishment of a restricted solid waste reserve in accordance with statutory requirements, and unanticipated legal and sidewalk improvement costs. The remaining \$2,500 represents the expenditure of grant funds received in a prior fiscal year. Overall, the budgeted decrease reflects the planned use of available fund balance to support one-time and nonrecurring expenditures.

Village of Marvin, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2025

Capital Assets and Debt Administration

The Village of Marvin's investment in capital assets for its governmental activities as of June 30, 2025 total \$18,895,740 (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	
	2025	2024
Land and improvements	\$ 1,870,788	\$ 1,870,788
Right-of-way easements	1,731,908	1,731,908
Construction in progress	404,962	81,319
Infrastructure	12,085,845	10,324,560
Buildings and improvements	2,343,891	2,411,206
Equipment and computers	120,082	157,345
Vehicles	88,026	82,744
Furniture	76,590	94,921
Leasehold improvements	173,648	117,378
Total capital assets, net	\$ 18,895,740	\$ 16,872,169

Additional information on the Village's capital assets can be found in the notes on page 28 of this report.

Long-term Liabilities. As of June 30, 2025, the Village of Marvin had the following long-term liabilities outstanding:

The Village of Marvin's Outstanding Liabilities
Figure 5

	Governmental Activities	
	2025	2024
Installment purchases	\$ 865,000	\$ 944,000
Net pension liability (LGERS)	490,442	448,317
Compensated absences	49,690	46,703
Total outstanding long-term liabilities	\$ 1,405,132	\$ 1,439,020

The Village of Marvin's long-term liabilities decreased by \$33,888 (2.35%) 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 \$136,925,698. Additional information regarding the Village of Marvin's long-term liabilities can be found in the Notes to the Financial Statements beginning on page 32.

Village of Marvin, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2025

Economic Factors and Next Year's Budgets and Rates

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

- **Population Growth.** As of July 1, 2024 Marvin had a reported population of 6,985 residents. This reflects 9.5% growth over the 2020 census. While the Village continues to see new construction and development, the population and tax base has become stable with minor growth.
- **Employment.** The Village benefits from the continued economic development efforts of Union County and surrounding metropolitan Charlotte. Continual industrial and business growth/expansion and increasing technologies in finance/banking, healthcare, and retail are major economic drivers and have been evidenced to provide a steady source of employment for Marvin residents.
- **Schools.** In 2025, US News and World Report ranked Marvin Ridge High School as the #1 high school in Union County, #3 in the Charlotte Metro Areas, and #15 within North Carolina as a whole.

Budget Highlights for the Fiscal Year Ending June 30, 2026

Governmental Activities: Governmental Activities: Property taxes are expected to increase 12% over the current year due to a property revaluation in Union County. The Village's tax rate is \$0.0563 per \$100 of assessed property value. This is an almost 30% reduction of the FY2025 tax rate of \$.08 per \$100 of assessed property value. Since 2010, the Village has witnessed a surge of growth and tax rates remained relatively stable, increasing one cent in 2020 to fund an additional Law Enforcement officer, and two cents in 2025 to fund the Bonds Grove/Waxhaw Marvin Rd Roundabout and high inflation, causing increased operating costs. Our budget for FY2026 accounts for continued growth of a Capital Project Fund for the Bonds Grove Church/Waxhaw-Marvin Road Roundabout and other critical intersections; funding for an updated comprehensive Master Plan; continued road preservation strategy and planning for road maintenance.

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.gov or send an email to the Finance Director at jillcarilli@marvinnc.gov for more information.

BASIC FINANCIAL STATEMENTS

Village of Marvin, North Carolina
Statement of Net Position
June 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,390,404
Taxes receivables, net	1,081
Accounts receivable, net	121,469
Due from other governments	71,476
Restricted cash and cash equivalents	<u>774,728</u>
Total current assets	<u>4,359,158</u>
Noncurrent assets:	
Capital assets (Note 3):	
CIP, land, and non-depreciable improvements	4,007,658
Other capital assets, net of depreciation	<u>14,888,082</u>
Total capital assets	<u>18,895,740</u>
Total assets	<u>23,254,898</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	<u>261,242</u>
Total deferred outflows of resources	<u>261,242</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	65,409
Deposits in escrow	39,725
Current portion of installment purchases payable	79,000
Compensated absences	<u>49,690</u>
Total current liabilities	<u>233,824</u>
Long-term liabilities:	
Net pension liability	490,442
Installment purchases payable	<u>786,000</u>
Total long-term liabilities	<u>1,276,442</u>
Total liabilities	<u>1,510,266</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	27,014
Unspent grant proceeds	<u>282,195</u>
Total deferred inflows of resources	<u>309,209</u>
NET POSITION	
Net investment in capital assets	18,030,740
Restricted for:	
Stabilization by State Statute	191,918
Powell Bill	292,460
Deposits in escrow	39,725
Unrestricted	<u>3,141,822</u>
Total net position	<u>\$ 21,696,665</u>

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

Village of Marvin, North Carolina
Statement of Activities
For the Year Ended June 30, 2025

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	\$ 1,072,600	\$ 189,318	\$ 259,756	\$ -	\$ (623,526)	\$ (623,526)
Public safety	274,576	-	-	-	(274,576)	(274,576)
Transportation	308,293	-	210,262	1,642,313	1,544,282	1,544,282
Solid waste	499,040	511,155	-	-	12,115	12,115
Economic and physical development	194,775	-	163,937	-	(30,838)	(30,838)
Cultural and recreational	215,215	9,275	-	43,756	(162,184)	(162,184)
Public works	316,267	-	-	-	(316,267)	(316,267)
Interest on long-term debt	22,467	-	-	-	(22,467)	(22,467)
Total governmental activities	<u>\$ 2,903,233</u>	<u>\$ 709,748</u>	<u>\$ 633,955</u>	<u>\$ 1,686,069</u>	<u>126,539</u>	<u>126,539</u>
General revenues:						
Taxes:						
Property taxes, levied for general purpose					1,352,257	1,352,257
Other taxes					767,264	767,264
Investment earnings, unrestricted					122,387	122,387
Investment earnings, restricted					9,262	9,262
Miscellaneous, unrestricted					60,650	60,650
Total general revenues					<u>2,311,820</u>	<u>2,311,820</u>
Change in net position					<u>2,438,359</u>	<u>2,438,359</u>
Net position, beginning					<u>19,258,306</u>	<u>19,258,306</u>
Net position, ending					<u>\$ 21,696,665</u>	<u>\$ 21,696,665</u>

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

Village of Marvin, North Carolina
Balance Sheet
Governmental Funds
June 30, 2025

	Major Funds				Total
	General	Capital	Reimbursable	Non-Major	Governmental
	Fund	Projects	Grants Fund	Funds	Funds
ASSETS					
Cash and cash equivalents	\$ 2,815,468	\$ 574,937	\$ -	\$ -	\$ 3,390,405
Restricted cash and cash equivalents	491,989	-	-	282,739	774,728
Taxes receivable, net	1,081	-	-	-	1,081
Accounts receivable, net	22,817	-	-	-	22,817
Grants receivable	-	-	98,652	-	98,652
Due from other funds	98,652	-	-	-	98,652
Due from other governments	71,476	-	-	-	71,476
Total assets	\$ 3,501,483	\$ 574,937	\$ 98,652	\$ 282,739	\$ 4,457,811
LIABILITIES					
Accounts payable and accrued liabilities	\$ 63,396	\$ 1,470	\$ -	\$ 544	\$ 65,410
Due to other funds	-	-	98,652	-	98,652
Deposits in escrow	39,725	-	-	-	39,725
Total liabilities	103,121	1,470	98,652	544	203,787
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	1,081	-	-	-	1,081
Unearned revenue	1,027	-	-	-	1,027
Unspent grant proceeds	-	-	-	282,195	282,195
Total deferred inflows of resources	2,108	-	-	282,195	284,303
FUND BALANCES					
Restricted					
Stabilization by State Statute	191,918	-	-	-	191,918
Powell Bill	292,460	-	-	-	292,460
Solid Waste reserve	159,804	-	-	-	159,804
Committed					
Capital projects fund	-	573,467	-	-	573,467
Assigned					
Land acquisition	358,398	-	-	-	358,398
Streets	492,680	-	-	-	492,680
Tree reserve	2,000	-	-	-	2,000
Future capital needs	33,606	-	-	-	33,606
Village signs	10,000	-	-	-	10,000
Reserves	161,585	-	-	-	161,585
Subsequent year's expenditures	50,000	-	-	-	50,000
Unassigned	1,643,803	-	-	-	1,643,803
Total fund balances	3,396,254	573,467	-	-	3,969,721
Total liabilities, deferred inflows of resources and fund balances	\$ 3,501,483	\$ 574,937	\$ 98,652	\$ 282,739	\$ 4,457,811

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

Village of Marvin, North Carolina
Balance Sheet
Governmental Funds (continued)
June 30, 2025

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

Total Fund Balance, Governmental Funds		\$ 3,969,721
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		
Gross capital assets at historical cost	20,662,196	
Accumulated depreciation	<u>(1,766,456)</u>	18,895,740
Deferred outflows of resources related to pensions are not reported in the fund statements.		261,242
Earned revenues are considered deferred inflows of resources in fund statements		2,108
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Installment purchases		(865,000)
Compensated absences		(49,690)
Net pension liability		(490,442)
Deferred inflows of resources related to pensions are not reported in the funds		<u>(27,014)</u>
Net position of governmental activities		<u><u>\$ 21,696,665</u></u>

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

Village of Marvin, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	Major Funds				Total
	General Fund	Capital Projects Fund	Reimbursable Grants Fund	Non-Major Funds	Governmental Funds
Revenues:					
Ad valorem taxes	\$ 1,352,257	\$ -	\$ -	\$ -	\$ 1,352,257
Unrestricted intergovernmental	767,264	-	-	-	767,264
Restricted intergovernmental	210,262	20,512	163,938	306,799	701,511
Permits and fees	189,318	-	-	-	189,318
Sales and services	520,430	-	-	-	520,430
Investment earnings	122,387	-	-	5,975	128,362
Miscellaneous	60,650	-	-	-	60,650
Total revenues	3,222,568	20,512	163,938	312,774	3,719,792
Expenditures:					
General government	890,952	127,861	-	184,979	1,203,792
Public safety	274,576	-	-	-	274,576
Transportation	203,724	-	-	-	203,724
Solid waste	499,040	-	-	-	499,040
Economic development	239,109	-	116,697	78,064	433,870
Cultural and recreational	181,606	-	47,241	49,731	278,578
Public works	326,242	-	-	-	326,242
Debt Service:					
Principal retirement	79,000	-	-	-	79,000
Interest	22,467	-	-	-	22,467
Total expenditures	2,716,716	127,861	163,938	312,774	3,321,289
Excess (deficiency) of revenues over expenditures	505,852	(107,349)	-	-	398,503
Other financing sources (uses):					
Transfers to (from) other funds	(470,139)	470,139	-	-	-
Total other financing sources (uses)	(470,139)	470,139	-	-	-
Net change in fund balances	35,713	362,790	-	-	398,503
Fund balances, beginning	3,360,541	210,677	-	-	3,571,218
Fund balances, ending	\$ 3,396,254	\$ 573,467	\$ -	\$ -	\$ 3,969,721

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

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, 2025

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

Net change in fund balances - total governmental funds	\$ 398,503
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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	\$ 2,422,075	
Depreciation expense for governmental assets	<u>(398,504)</u>	2,023,571

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	92,612
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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	-
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

	79,000
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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	(2,987)	
Pension expense	<u>(152,340)</u>	<u>(155,327)</u>

Total changes in net position of governmental activities	<u>\$ 2,438,359</u>
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The accompanying notes to the financial statements are an integral part of these statements.

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, 2025

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Ad valorem taxes	\$ 1,338,919	\$ 1,338,919	\$ 1,352,257	\$ 13,338
Unrestricted intergovernmental	752,000	752,000	767,264	15,264
Restricted intergovernmental	187,864	187,864	210,262	22,398
Permits and fees	155,000	200,512	189,318	(11,194)
Sales and services	541,350	541,350	520,430	(20,920)
Investment earnings	85,000	85,000	122,387	37,387
Miscellaneous	5,000	5,000	60,650	55,650
Total revenues	<u>3,065,133</u>	<u>3,110,645</u>	<u>3,222,568</u>	<u>56,273</u>
Expenditures:				
General government	847,059	905,203	890,952	14,251
Public safety	256,064	275,437	274,576	861
Transportation	463,729	618,107	203,724	414,383
Solid waste	510,000	620,001	499,040	120,961
Economic development	260,597	289,097	239,109	49,988
Cultural and recreational	211,291	241,094	181,606	59,488
Public works	479,926	453,058	326,242	126,816
Contingency	50,000	16,797	-	16,797
Debt service:				
Principal retirement	79,000	79,000	79,000	-
Interest	22,467	22,467	22,467	-
Total expenditures	<u>3,180,133</u>	<u>3,520,261</u>	<u>2,716,716</u>	<u>803,545</u>
Revenues over (under) expenditure	<u>(115,000)</u>	<u>(409,616)</u>	<u>505,852</u>	<u>915,468</u>
Other financing sources (uses):				
Transfers to capital projects	-	2,500	(470,139)	(472,639)
Total other financing sources (uses)	<u>-</u>	<u>2,500</u>	<u>(470,139)</u>	<u>(472,639)</u>
Fund balance appropriated	<u>115,000</u>	<u>407,116</u>	<u>-</u>	<u>407,116</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>35,713</u>	<u>\$ 35,713</u>
Fund balance, beginning			<u>3,360,541</u>	
Fund balance, ending			<u>\$ 3,396,254</u>	

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

NOTES TO THE FINANCIAL STATEMENTS

Village of Marvin, North Carolina
Notes to the Financial Statements
June 30, 2025

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 Village has not 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.

Reimbursable Grants Fund - This fund is used for financial awards where the Village spends its own money on a project, then submits detailed documentation to the grantor for reimbursement either in full or at a match percentage.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C - Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements. The government-wide financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time 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. 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.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2025, 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.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Village of Marvin's Restricted Cash

Governmental Activities

General Fund

Escrow deposits	\$ 39,725
Powell Bill	292,460
Solid Waste reserve	159,804
Total General Fund	<u>\$ 491,989</u>

Unspent Grant Proceeds

Park Project	\$ 206,801
SCIF	75,938
Total Unspent Grant Proceeds	<u>\$ 282,739</u>

Total Restricted Cash	<u><u>\$ 774,728</u></u>
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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, 2024.

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, 2025.

6. Prepaid Items

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

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land and right-of-way easements, \$15,000; buildings, improvements, substations, lines and other plan and distributions systems, \$15,000; infrastructure and roads, \$20,000; trails and sidewalks, \$15,000; furniture and equipment, \$5,000; 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>
Improvements	39
Infrastructure	50
Computer equipment	5 - 7
Furniture and equipment	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 2025 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Village has two items that meet the criteria for this category – property taxes receivable and pension related deferrals.

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.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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. 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 year ended June 30, 2022. The second installment was received during the year ended June 30, 2023. Village staff and the Council have elected to use \$138,725 of the ARPA funds for public health response, \$125,970 for water and sewer infrastructure expenses, \$120,000 for premium pay, \$111,000 for infrastructure, \$479,598 for administration and facilities, and \$101,640 for police/safety services. All ARPA funds were expended as of June 30, 2025.

12. 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:

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. Net Position / Fund Balances (continued)

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.*

Restricted for Powell Bill – Portion of fund balance of unexpended Powell Bill funds allocated to the Village.

Restricted for Solid Waste – Portion of fund balance that can only be used for Solid Waste services, expansion, equipment, operations, or expenses.

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.

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.

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

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. Net Position / Fund Balances (continued)

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 Streets - 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 Tree Reserve - portion of fund balance that has been assigned by the Village Council for expenditures related to maintaining Village trees.

Assigned for Future Capital Needs - portion of fund balance that has been assigned by Village Council for expenditures related to future capital needs.

Assigned for Village Signs - portion of fund balance that has been assigned by Village Council to maintain Village signs.

Assigned for Subsequent Year's Expenditures – portion of fund balance that has been assigned by Village Council to cover expenses in a future year.

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.

13. 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.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

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.

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, 2025, the Village's deposits had a carrying amount of \$4,165,132 and a bank balance of \$4,376,749. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2025, the Village's petty cash fund totaled \$55.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

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, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 1,870,788	\$ -	\$ -	\$ 1,870,788
CIP	81,319	411,213	87,570	404,962
Right-of-way easements	1,731,908	-	-	1,731,908
Total capital assets not being depreciated	3,684,015	411,213	87,570	4,007,658
Capital assets being depreciated:				
Leasehold improvements	123,632	61,834	-	185,466
Buildings and improvements	2,625,303	-	-	2,625,303
Infrastructure	11,290,538	2,009,295	-	13,299,833
Vehicles	98,729	27,303	-	126,032
Equipment and computers	269,017	-	-	269,017
Furniture	148,888	-	-	148,888
Total capital assets being depreciated	14,556,107	2,098,432	-	16,654,539
Less accumulated depreciation for:				
Leasehold improvements	6,254	5,564	-	11,818
Buildings and improvements	214,097	67,315	-	281,412
Infrastructure	965,978	248,010	-	1,213,988
Vehicles	15,985	22,021	-	38,006
Equipment and computers	111,672	37,263	-	148,935
Furniture	53,967	18,331	-	72,298
Total accumulated depreciation	1,367,953	398,504	-	1,766,457
Total capital assets being depreciated, net	13,188,154			14,888,082
Governmental activities capital assets, net	\$ 16,872,169			\$ 18,895,740

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

A - Assets (Continued)

2. Capital Assets (Continued)

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

General government	\$ 77,615
Transportation	248,010
Cultural and recreational	72,879
Total depreciation expense	<u>\$ 398,504</u>

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 ("ACFR") for the State of North Carolina. The State's ACFR 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, 2025

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, 2025, 13.60% 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 \$92,612 for the year ended June 30, 2025.

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, 2025, the Village reported a liability of \$490,442 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 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, 2024, the Village's proportion was 0.00727%, which was an increase of 0.0005% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Village recognized pension expense of \$152,339. At June 30, 2025, 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	\$ 85,944	\$ 578
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	66,675	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	16,011	25,408
Village contributions subsequent to the measurement date	92,612	-
Total	<u>\$ 261,242</u>	<u>\$ 25,986</u>

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

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)

\$92,612 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, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ 47,024
2027	86,806
2028	16,353
2029	(7,539)
2030	-
Thereafter	-
	<u><u>\$ 142,644</u></u>

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 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, 2023 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, 2025

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, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected</u>
		<u>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 2024 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 3.0%. 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:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 869,078	\$ 490,442	\$ 178,962

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

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 ("ACFR") 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:

Outflows table consolidated	
<u>Source</u>	<u>Amount</u>
Contributions to the pension plan in the current fiscal year	\$ 92,612
Differences between expected and actual experience	85,944
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	66,675
Changes in proportion and differences between Village contributions and proportionate share of contributions	16,011
Total	<u>\$ 261,242</u>

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)	\$ -	\$ 1,081
Differences between expected and actual experience	578	-
Unspent grant proceeds	283,223	283,222
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,408	-
Total	<u>\$ 309,209</u>	<u>\$ 284,303</u>

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, 2025

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 \$300,000 and \$60,000, respectively, and \$10,000 for all other employees.

4. Claims, Judgements, and Contingent Liabilities

At June 30, 2025, the Village has two pending litigation matters. The first is related to challenging the validity of a trail easement. The second is regarding an appeal of an enforcement letter for a barrier placed across a private residential road. Both of these matters are still pending and any potential liability is undetermined at this time.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

NOTE 3 - DETAIL NOTES ON ALL FUNDS (Continued)

B - Liabilities (Continued)

5. Long-Term Obligations

a. Installment Purchases

On May 13, 2021, 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, 2021, 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, 2025 was \$865,000.

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

<u>Years Ending June 30:</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 79,000	\$ 17,002
2027	79,000	15,122
2028	79,000	13,242
2029	79,000	11,362
2030	79,000	9,482
2031-2035	392,000	19,274
2036	78,000	-
Total	<u>\$ 865,000</u>	<u>\$ 85,484</u>

b. Changes in Long-Term Liabilities

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Governmental activities:					
Compensated absences	\$ 46,703	\$ 2,987	\$ -	\$ 49,690	\$ 49,690
Direct borrowing installment purchase	944,000	-	79,000	865,000	79,000
Net pension liability (LGRS)	448,317	42,125	-	490,442	-
Governmental activity long-term liabilities	<u>\$ 1,439,020</u>	<u>\$ 45,112</u>	<u>\$ 79,000</u>	<u>\$ 1,405,132</u>	<u>\$ 128,690</u>

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

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	\$ 3,396,254
Less:	
Stabilization by State Statute	191,918
Powell Bill	292,460
Solid Waste reserve	159,804
Land acquisition	358,398
Streets	492,680
Tree reserve	2,000
Future capital needs	33,606
Village signs	10,000
Reserves	161,585
Subsequent year's expenditures	50,000
Remaining Fund Balance	<u><u>\$ 1,643,803</u></u>

D - Net Investment in Capital Assets

	<u>Governmental</u>
Capital assets	\$ 18,895,740
less: long-term debt	<u>(865,000)</u>
Net investment in capital assets	<u><u>\$ 18,030,740</u></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, 2025 was \$274,576.

NOTE 5 – COMMITMENTS

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, with optional renewal for two two-year terms. The amount expended for the year ending June 30, 2025 was \$499,040.

Village of Marvin, North Carolina
Notes to the Financial Statements (continued)
June 30, 2025

NOTE 6 - SUBSEQUENT EVENTS

There are no subsequent events that would have a material effect on the financial statements. Subsequent events were evaluated through December 12, 2025 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 Ten Fiscal Years*

Local Government Employees' Retirement System					
	2025	2024	2023	2022	2021
Marvin's proportion of the net pension liability (asset) (%)	0.00727%	0.00677%	0.00761%	0.00507%	0.00388%
Marvin's proportion of the net pension liability (asset) (\$)	\$ 490,442	\$ 448,317	\$ 429,313	\$ 77,753	\$ 138,649
Marvin's covered-employee payroll	\$ 551,522	\$ 437,722	\$ 416,308	\$ 265,285	\$ 229,276
Marvin's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	88.93%	102.42%	103.12%	29.31%	60.47%
Plan fiduciary net position as a percentage of the total pension liability **	83.30%	82.49%	84.14%	95.51%	91.63%
	2020	2019	2018	2017	2016
Marvin's proportion of the net pension liability (asset) (%)	0.00365%	0.00146%	0.00110%	0.00296%	0.00370%
Marvin's proportion of the net pension liability (asset) (\$)	\$ 99,679	\$ 34,636	\$ 16,804	\$ 62,820	\$ 16,605
Marvin's covered-employee payroll	\$ 200,948	\$ 123,364	\$ 140,811	\$ 128,510	\$ 155,123
Marvin's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.60%	28.08%	11.93%	48.88%	10.70%
Plan fiduciary net position as a percentage of the total pension liability **	94.18%	91.47%	98.09%	99.07%	102.64%

* 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 Ten Fiscal Years

Local Government Employees' Retirement System					
	2025	2024	2023	2022	2021
Contractually required contribution	\$ 92,612	\$ 70,871	\$ 52,964	\$ 47,251	\$ 26,926
Contributions in relation to the contractually required contribution	<u>92,612</u>	<u>70,871</u>	<u>52,964</u>	<u>47,251</u>	<u>26,926</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Marvin's covered-employee payroll	\$ 680,970	\$ 551,522	\$ 437,722	\$ 416,308	\$ 265,285
Contributions as a percentage of covered-employee payroll	13.60%	12.85%	12.10%	11.35%	10.15%
	2020	2019	2018	2017	2016
Contractually required contribution	\$ 20,520	\$ 15,573	\$ 9,252	\$ 10,209	\$ 11,754
Contributions in relation to the contractually required contribution	<u>20,520</u>	<u>15,573</u>	<u>9,252</u>	<u>10,209</u>	<u>11,754</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Marvin's covered-employee payroll	\$ 229,276	\$ 200,948	\$ 123,364	\$ 140,811	\$ 128,510
Contributions as a percentage of covered-employee payroll	8.95%	7.75%	7.50%	7.25%	9.15%

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, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year ad valorem taxes	\$	\$ 1,236,528	\$
Motor vehicle taxes		115,729	
Total	<u>1,338,919</u>	<u>1,352,257</u>	<u>13,338</u>
Unrestricted intergovernmental:			
Beer and wine tax		26,925	
Solid waste disposal tax		5,197	
Utility sales tax		291,187	
Motor fuel tax		484	
Local option sales taxes		443,471	
Total	<u>752,000</u>	<u>767,264</u>	<u>15,264</u>
Restricted intergovernmental:			
Powell Bill allocation		210,262	
Total	<u>187,864</u>	<u>210,262</u>	<u>22,398</u>
Permits and fees:			
Zoning fees		189,318	
Total	<u>200,512</u>	<u>189,318</u>	<u>(11,194)</u>
Sales and services:			
Recreation department fees		9,275	
Solid waste fees		511,155	
Total	<u>541,350</u>	<u>520,430</u>	<u>(20,920)</u>
Investment earnings	<u>85,000</u>	<u>122,387</u>	<u>37,387</u>
Other			
Miscellaneous revenues		60,650	
Total	<u>5,000</u>	<u>60,650</u>	<u>55,650</u>
Total revenues	<u>\$ 3,110,645</u>	<u>\$ 3,222,568</u>	<u>\$ 111,923</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, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Administration:			
Salaries and benefits	\$	\$ 446,687	\$
Stipends - Mayor, Council and Boards		72,124	
Professional services		157,554	
Training		15,758	
Dues and subscriptions		33,094	
Furniture and equipment		5,174	
Gifts		446	
Insurance and bonds		34,900	
Occupancy		17,874	
Office expenses and supplies		107,341	
Total	<u>905,203</u>	<u>890,952</u>	<u>14,251</u>
Public safety:			
Police:			
Professional services		274,576	
Total	<u>275,437</u>	<u>274,576</u>	<u>861</u>
Transportation:			
Salaries and benefits		29,302	
Other operating expenditures		174,422	
Total	<u>618,107</u>	<u>203,724</u>	<u>414,383</u>
Solid waste:			
Other operating expenditures		499,040	
Total	<u>620,001</u>	<u>499,040</u>	<u>120,961</u>
Economic and physical development:			
Zoning:			
Salaries and benefits		151,466	
Professional services		87,643	
Total	<u>289,097</u>	<u>239,109</u>	<u>49,988</u>
Cultural and recreational:			
Salaries and benefits		77,446	
Community events		44,668	
Park operations		13,317	
Greenway loop projects		41,175	
Capital outlay		5,000	
Total	<u>\$ 241,094</u>	<u>\$ 181,606</u>	<u>\$ 59,488</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, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Public Works:			
Salaries and benefits	\$	\$ 251,740	\$
Professional services		2,053	
Other operating expenses		59,447	
Capital outlay		13,002	
Total	<u>453,058</u>	<u>326,242</u>	<u>126,816</u>
Debt Service:			
Principal retirement		79,000	
Interest and fees		22,467	
Total	<u>101,467</u>	<u>101,467</u>	<u>-</u>
Contingency:	<u>16,797</u>	<u>-</u>	<u>16,797</u>
Total expenditures	<u>3,520,261</u>	<u>2,716,716</u>	<u>803,545</u>
Revenues over (under) expenditures	<u>\$ (409,616)</u>	<u>\$ 505,852</u>	<u>\$ 915,468</u>
Other financing sources (uses):			
Transfers to capital projects fund	<u>-</u>	<u>(470,139)</u>	<u>470,139</u>
Total	<u>2,500</u>	<u>(470,139)</u>	<u>(472,639)</u>
Fund balance appropriated	<u>407,116</u>	<u>-</u>	<u>407,116</u>
Net change in fund balances	<u>\$ -</u>	<u>35,713</u>	<u>\$ 35,713</u>
Fund balance, beginning		<u>3,360,541</u>	
Fund balance, ending		<u>\$ 3,396,254</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, 2025

	Project Authorization	Prior Year	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Contributions	\$ 20,512	\$ -	\$ 20,512	\$ 20,512	\$ -
Total revenues	<u>20,512</u>	<u>-</u>	<u>20,512</u>	<u>20,512</u>	<u>-</u>
Expenditures:					
Village hall	2,144,425	2,144,425	-	2,144,425	-
Farmers market	25,000	-	-	-	25,000
Greenway trails construction/maint.	530,236	174,023	127,861	301,884	228,352
Road improvements	694,961	694,961	-	694,961	-
Roundabouts	320,115	-	-	-	320,115
Total expenditures	<u>3,714,737</u>	<u>3,013,409</u>	<u>127,861</u>	<u>3,141,270</u>	<u>573,467</u>
Revenues under expenditures	(3,694,225)	(3,013,409)	(107,349)	(3,120,758)	573,467
Other financing sources (uses):					
Transfers from General Fund	2,614,139	2,144,000	470,139	2,614,139	-
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>3,694,225</u>	<u>3,224,086</u>	<u>470,139</u>	<u>3,694,225</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 210,677</u>	362,790	<u>\$ 573,467</u>	<u>\$ 573,467</u>
Fund balance, beginning			210,677		
Fund balance, ending			<u>\$ 573,467</u>		

Village of Marvin, North Carolina
Reimbursable Grants Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
From Inception and For the Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Grant funds	\$ 2,310,000	\$ -	\$ 163,938	\$ 163,938	\$ (2,146,062)
Total revenues	<u>2,310,000</u>	<u>-</u>	<u>163,938</u>	<u>163,938</u>	<u>(2,146,062)</u>
Expenditures:					
Marvin Loop	1,560,000	-	116,697	116,697	1,443,303
Village Hall Park	<u>750,000</u>	<u>-</u>	<u>47,241</u>	<u>47,241</u>	<u>702,759</u>
Total expenditures	<u>2,310,000</u>	<u>-</u>	<u>163,938</u>	<u>163,938</u>	<u>2,146,062</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

Village of Marvin, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	American Rescue Plan Fund	Park Project Fund	SCIF Fund	Total Non- Major Governmental Funds
ASSETS				
Restricted cash and cash equivalents	\$ -	\$ 206,801	\$ 75,938	\$ 282,739
Total assets	<u>\$ -</u>	<u>\$ 206,801</u>	<u>\$ 75,938</u>	<u>\$ 282,739</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ 544	\$ -	\$ 544
Total liabilities	<u>-</u>	<u>544</u>	<u>-</u>	<u>544</u>
DEFERRED INFLOWS OF RESOURCES				
Unspent grant proceeds	-	206,257	75,938	282,195
Total deferred inflows of resources	<u>-</u>	<u>206,257</u>	<u>75,938</u>	<u>282,195</u>
FUND BALANCES				
Restricted	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 206,801</u>	<u>\$ 75,938</u>	<u>\$ 282,739</u>

Village of Marvin, North Carolina
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	American Rescue Plan Fund	Park Project Fund	SCIF Fund	Total Non- Major Governmental Funds
Revenues:				
Restricted intergovernmental	\$ 184,979	\$ 43,756	\$ 78,064	\$ 306,799
Investment earnings	-	5,975	-	5,975
Total revenues	<u>184,979</u>	<u>49,731</u>	<u>78,064</u>	<u>312,774</u>
Expenditures:				
General government	184,979	-	-	184,979
Economic development	-	-	78,064	78,064
Cultural and recreational	-	49,731	-	49,731
Total expenditures	<u>184,979</u>	<u>49,731</u>	<u>78,064</u>	<u>312,774</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):				
Transfers to (from) other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Village of Marvin, North Carolina
American Rescue Plan Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
From Inception and For the Year Ended June 30, 2025

	Project		Current	Total to	Variance
	Authorization	Prior Year	Year	Date	Positive
					(Negative)
Revenues:					
ARPA Funds	\$ 1,076,933	\$ 891,954	\$ 184,979	\$ 1,076,933	\$ -
Total revenues	<u>1,076,933</u>	<u>891,954</u>	<u>184,979</u>	<u>1,076,933</u>	<u>-</u>
Expenditures:					
Public health response	138,725	137,749	-	137,749	976
Water/sewer infrastructure	125,970	125,970	-	125,970	-
Premium pay	120,000	119,301	-	119,301	699
Infrastructure	111,000	96,000	-	96,000	15,000
Administration/facilities	479,598	295,517	184,979	480,496	(898)
Police/safety services	101,640	117,417	-	117,417	(15,777)
Total expenditures	<u>1,076,933</u>	<u>891,954</u>	<u>184,979</u>	<u>1,076,933</u>	<u>-</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</u>		

Village of Marvin, North Carolina
Park Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
From Inception and For the Year Ended June 30, 2025

	Project Authorization	Prior Year	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Grant funds	\$ 250,000	\$ -	\$ 43,756	\$ 43,756	\$ (206,244)
Investment earnings	-	-	5,975	5,975	5,975
Total revenues	<u>250,000</u>	<u>-</u>	<u>49,731</u>	<u>49,731</u>	<u>(200,269)</u>
Expenditures:					
Project expenditures	<u>250,000</u>	<u>-</u>	<u>49,731</u>	<u>49,731</u>	<u>200,269</u>
Total expenditures	<u>250,000</u>	<u>-</u>	<u>49,731</u>	<u>49,731</u>	<u>200,269</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

Village of Marvin, North Carolina
SCIF Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
From Inception and For the Year Ended June 30, 2025

	Project Authorization	Prior Year	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
SCIF/CRTPO grant	\$ 150,000	\$ -	\$ 74,777	\$ 74,777	\$ (75,223)
Investment earnings	-	262	3,287	3,549	3,549
Total revenues	<u>150,000</u>	<u>262</u>	<u>78,064</u>	<u>78,326</u>	<u>(71,674)</u>
Expenditures:					
Project expenditures	<u>150,000</u>	<u>-</u>	<u>78,064</u>	<u>78,064</u>	<u>71,936</u>
Total expenditures	<u>150,000</u>	<u>-</u>	<u>78,064</u>	<u>78,064</u>	<u>71,936</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ 262</u>	<u>-</u>	<u>\$ 262</u>	<u>\$ 262</u>
Fund balance, beginning			<u>-</u>		
Fund balance, ending			<u>\$ -</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, 2025

Fiscal Year	Uncollected Balances June 30, 2024	Additions	Collections and Credits	Uncollected Balances June 30, 2025
2024-2025	\$ -	\$ 1,369,257	\$ 1,369,257	\$ -
2023-2024	-	-	-	-
2022-2023	-	-	-	-
2021-2022	114	-	-	114
2020-2021	725	-	-	725
2019-2020	219	-	-	219
2018-2019	3	-	-	3
2017-2018	-	-	-	-
2016-2017	-	-	-	-
2015-2016	-	-	-	-
2014-2015	20	-	20	-
	<u>\$ 1,081</u>	<u>\$ 1,369,257</u>	<u>\$ 1,369,277</u>	<u>1,061</u>
Less: allowance for uncollectible accounts - General Fund				-
Ad valorem taxes receivable - net				<u><u>\$ 1,061</u></u>
Reconciliation to revenues:				
Ad valorem taxes - General Fund				\$ 1,352,257
Reconciling items:				
Discounts, releases, refunds				17,000
Taxes and fees collected				<u>20</u>
Total collections and credits				<u><u>\$ 1,369,277</u></u>

**Village of Marvin, North Carolina
Analysis of Current Year Tax Levy
For the Year Ended June 30, 2025**

	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	\$1,711,571,219	0.08	\$ 1,369,257	\$ 1,243,496	\$ 125,761
Total	<u>1,711,571,219</u>		<u>1,369,257</u>	<u>1,243,496</u>	<u>125,761</u>
Discoveries	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Releases	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Total property valuation	<u>\$1,711,571,219</u>				
Net levy			1,369,257	1,243,496	125,761
Uncollected taxes at June 30, 2025			<u>-</u>	<u>-</u>	<u>-</u>
Current year's taxes collected			<u>\$ 1,369,257</u>	<u>\$ 1,243,496</u>	<u>\$ 125,761</u>
Current levy collection percentage			<u>100.00%</u>	<u>100.00%</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, 2025, 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 12, 2025.

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.

Compliance and Other Matters

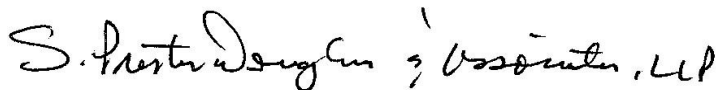
As part of obtaining reasonable assurance about whether the Village of Marvin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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.

A handwritten signature in black ink that reads "S. Porter Douglas & Associates, LLP". The signature is written in a cursive, flowing style.

Ocean Isle Beach, North Carolina
December 12, 2025

Section I. Summary of Auditor's Results

Unmodified.

Yes X No

- Yes X None reported

- Yes X No