

**Town of Montreat  
Board of Commissioners  
Board Retreat  
April 11, 2019: 12:00pm – 5:00pm  
Way Out Building, Montreat**

*To seek ways to maintain and improve the quality of life, preserve the natural beauty and promote responsible growth while maintaining our community image, heritage and traditions.*

## **AGENDA**

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**I. LUNCH**

*Boxed lunches will be provided for Commissioners and staff.*

**II. CALL TO ORDER**

- a. Welcome
- b. Invocation/Moment of Silence

**III. ADOPTION OF THE AGENDA AND SUSPENSION OF THE RULES TO ALLOW MAYOR/FACILITATOR TO PARTICIPATE IN DEBATE– 12:20PM**

**IV. ADMINISTRATIVE REPORTS**

*Staff will provide written reports and be available to answer questions*

**V. MANAGING THE PROCESS**

- a. Board of Commissioners' areas of responsibility: Commission member assignments
- b. Community group liaisons: Commission member assignments
- c. Boards and committees
  - i. Review terms and vacancies

**VI. FINANCE, AUDIT, AND PROCEEDURES DISCUSSION**

- a. Film Screening: "All the Queen's Horses," 2017, directed by Kelley Richmond Pope  
*In 2012, Rita Crundwell was arrested as the largest municipal fraud perpetrator in the nation's history, embezzling upwards of \$50 million as the comptroller and treasurer (functional town administrator) of Dixon, Illinois. Rita Crundwell became one of the nation's leading quarter horse breeders, traveled the world, and threw lavish parties, all*

*while forcing staff cuts, police budget slashing, and leaving public infrastructure in disrepair. All the Queen's Horses aims to illuminate this landmark case and bring to light the blatant negligence of auditors and bankers the public relied on to keep their tax dollars safe. The Board and staff will discuss risk and mitigation to protect Montreat tax dollars.*

**VII. BREAK**

**VIII. CAPITAL PROJECTS**

- a. Review of current projects' status
- b. Presentation of Capital Improvement Plan updates
- c. Discussion

**IX. VISION AND GOALS**

- a. 2019/2020 Goals for the Montreat Community
- b. 2019/2020 Goals for the Boards of Commissioners
- c. 2019/2020 Goals for the Town staff

**X. ADJOURN**



## **2018 YEAR END POLICE STATISTICS REPORT**

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Mileage	29304	29535	40002	37978	31342
Dispatched Calls	1135	1062	1343	1358	1288
Officer-Initiated Calls	6072	4663	3020	2841	2735
Fire/EMS Assistance Calls	49F,22E	84	194	142	118
Motorist/Other Assistance Calls	1003	966	628	721	656
Traffic Stops	179	232	459	632	552
Parking Issues	42	58	108	60	96
Burglar/Fire Alarm Responses	33B,35F	38	46	49	56
Residential/Building Checks	2980	2906	3086	2842	2108
Ordinance violations	44	109	184	181	175
LE Agency Assistance Calls	327	166	132	183	230
Animal Calls	46	26	48	67	38
Larcenies	4	10	6	3	15
B&E Calls	3	4V	4R/2V	2R	5R
Suspicious Person/Vehicle Investigations	33P,98V	41P/183V	113P/299 V	138P/219 V	320
Disturbance Calls	239	221	61	59	49
Accident Responses	14	26	16	11	6
Auxiliary Hours Worked	464R, 1034T	384R/540 T	408R/361 T	384R/279 T	400R/318 T
Truck turns at gate	41	38	40		

- Town service: 5610
- MRA service: 2053
- College service: 127

### **CHIEF'S SUMMARY**

The Montreat Police Department saw an interesting year in 2018. It was definitely a period of transition.

At the opening, filling vacant positions was the top priority. These vacancies, as well as time off requests, led to us leaning very heavily on Reserve Officers, McClintock and Teters. By years end, we filled two full time positions, and four reserve positions. These new members bring with them a broader expertise to our small department. Skills such as crisis/hostage negotiation, arson investigation, criminal intelligence data entry, and fluent Spanish.

The summer in particular was a fairly hectic time. The Department saw a rise in our numbers of calls for service, as well as a couple of high priority incidents that required longer duration investigation.



As far as activity out in the community; our biggest event occurred with the annual 4<sup>th</sup> of July activities. The events of this day see very impressive numbers of visitors to the Town. This year was no different, and saw no unusual complications or problems. The Department fielded more officers in that event than ever before.

A long running project finally came to fruition with the acquisition and implementation of new radios. Overall, the system has been a great success.

The Department has also renewed its participation in the Governor's Highway Safety Program. This garnered enough points to afford us a new portal breath test unit, as well as printers and accessories for the patrol vehicles. This was a savings of over two thousand dollars.

Additional savings came in the form of a donation of equipment from the Black Mountain Police Department. These items should prove to be a savings in the thousands toward future vehicle purchases.

With every passing month, we expand and strengthen our capability through training and application. We are increasingly moving toward digital format in our daily activity and record keeping. Through utilization of programs made available through the State and County, such as CJ Leads, NC Aware, E-Citation, etc., we are continually modernizing.

The year also saw the appointment of a new Chief of Police for the Montreat College Campus Police Department. It is my belief, that our two agencies are forging a stronger working relationship than has ever existed before.

With all things considered, it has been a good year for the department. I would like to take this opportunity to thank all of our officers for their dedication and fortitude.

## **Public Works Annual Report**

### **FY 2018-2019**

#### Water Department

1. 9 Leaks
  - 3-2in Galvanized line
  - 1- tap saddle on 6in C900
  - 5-busted water meters
2. 75-meter replacements (registers and antennas only)
3. Gallons of water pumped: 49,984,000
  - Up from 36,750,200 in 2017 due to a large leak in a creek crossing that we were initially unable to locate
  - The NCRWA assisted the Town with specialized equipment to locate the leak
4. Annual water loss: 44%
  - Up from 11% in 2017 due to the same leak as described above.

#### Streets Department

1. We have had several storms hit our area over the past year with rain fall totaling over 90in
2. We have also had a very large snow fall earlier in the season that put a real beating on our equipment which totaled around\$ 6500.00 for repairs and supplies for trucks and plows along with sand and ice melt.
3. We are also work on completing Alberto storm repairs that we can do in house
  - Four of the six projects are completed. Those projects were completed at \$51,890.00 under estimated budgets. (Estimates provided by McGill and Associates.)

Trees Maintenance and Removal

1. 20 Trees removed by contractors at a cost of \$12,650.00
2. 21 Permitted trees removed by staff with an estimated cost savings of \$11,150.00
3. 40 Trees removed by staff from the storms and other weather-related events with an additional cost savings of \$25,800.00

**FY 2019-2020**

We plan to complete our public works building along with the Alberto storm projects and we look forward to moving forward with other goals and projects set forth by the Commission.

# **TOWN OF MONTREAT NORTH CAROLINA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2018**





# **TOWN OF MONTREAT NORTH CAROLINA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2018**

**PREPARED BY  
THE FINANCE DEPARTMENT OF THE TOWN OF MONTREAT**



**TOWN OF MONTREAT, NORTH CAROLINA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2018**

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**TOWN OF MONTREAT, NORTH CAROLINA**

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**FOR THE YEAR ENDED JUNE 30, 2018**

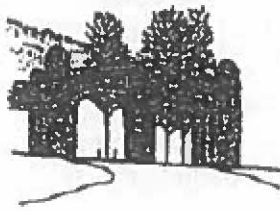
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# **INTRODUCTORY SECTION**

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## Town of Montreat

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[www.townofmontreat.org](http://www.townofmontreat.org)

February 28, 2019

The Honorable Mayor and Members of the Board of Commissioners  
Town of Montreat  
Montreat, North Carolina

The Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018 is hereby submitted. For readers that are unfamiliar with municipal CAFRs, a brief introduction is in order.

In the simplest possible terms, one could think of a CAFR as a financial reporting sandwich. The audited financial statements and notes could be thought of as the meat of the sandwich. In a CAFR, we add material to both ends of the audited material, just as there are slices of bread on each side of the meat. In the front end we add introductory materials such as a table of contents, this transmittal letter, an organization chart, and similar items. In the rear of this CAFR you will find a set of supplementary statistical information, providing additional data beyond what is presented in the audited financial statements. While virtually all governmental units (including all North Carolina local governments) must produce annual audited financial statements, a CAFR is considered to be a step beyond this minimal requirement. Local governments produce CAFRs in an attempt to better inform their elected officials and the general public about their financial condition. In some cases, lenders may also expect to see a CAFR for the sake of the additional information they provide.

The basic structure of this and all CAFRs conform to standards that have been established by the Government Finance Officers Association (GFOA). These standards are somewhat flexible, given that there are so many differences between governmental units at the state and local level. This CAFR reflects the attempt of the Town's administration to provide the reader with that information, which we believe to be most relevant to our particular situation and to the needs of our elected officials and our citizens.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation (including all disclosures within this report) rests with the administration of the Town of Montreat. To ensure reliability of the information, Town management has established a comprehensive framework of internal control. Internal controls protect the Town's assets from loss, theft, and misuse and help ensure that information is reliable for

the preparation of this report. The administration has gone to great lengths since our last CAFR to analyze and strengthen our internal controls to minimize any material misstatements in the financial statements. We believe that this financial report is accurate and reliable in all material respects. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Martin Starnes and Associates, CPAs, P.A. Their unmodified opinion is included in the financial section of this CAFR.

In this CAFR and the audited financial statements contained herein, we are reporting on the financial accounts and activities considered to be controlled by or dependent upon the Town's Board of Commissioners, as defined by the Governmental Standards Accounting Board (GASB). The Town of Montreat is a small municipality, and provides a substantial but limited range of services to our citizens. Our General Fund accounts for the police, building inspections and zoning, streets, sanitation, and Open Space programs undertaken by the Town, as well as its general governmental activities. Our Water Fund accounts for the activities associated with operating, maintaining, and expanding the Town's water system. Some other functions that might be typically provided by municipal governments, such as fire protection or wastewater treatment, are provided in Montreat by other governmental entities (i.e., the East Buncombe Fire District and the Metropolitan Sewer District of Buncombe County), which service a wider region and thus are not included within the purview of this CAFR.

An obvious question that any reader of a document such as this one will ask immediately is: How are we doing? What is the financial condition of the Town? The administration of the Town of Montreat can confidently report that our Town is in good financial condition. Our revenues and expenditures have been roughly in balance with each other, remaining relatively steady from year to year, and remaining adequate to meet our highest priorities. Our fund balances and cash assets are ample, and our indebtedness is prudently low. We provide a more complete review of the Town's financial condition in the Management's Discussion and Analysis (MD&A) section of the audited financial statements, immediately following the auditor's opinion letter below. That document and this letter are intended to be read together. Combined, it is hoped that the reader will derive a comprehensive overview of the Town's present situation.

### **Profile of the Town**

The Town of Montreat is situated on the Southern slopes of the Black Mountains of the Blue Ridge range, including Mt. Mitchell, the tallest peak East of the Mississippi, and the Eastern Continental Divide. Our community is placed entirely within a narrow box canyon bisected by the rapidly running clear water of Flat Creek, a tributary of the Swannanoa River. It is a heavily wooded, rugged mountainous terrain and enjoys four distinct seasons of natural beauty. Our healthy natural environment teams with wildlife, including the black bears that are symbolic of our community and are commonly seen by our residents and visitors.

Montreat is a small community with an official population of only 868 people according to the U.S. Census Bureau and N.C. Office of State Budget and Management. This figure



is somewhat deceptive as far more people than that abide in Montreat temporarily over the course of the year, especially during the summer months, while there is a different population of Montreat College students during the school year. Only a few hundred people are actual year-round residents.

While the community of Montreat is over a century old, the Town has only been incorporated since 1967. Montreat is predominantly a residential community. While some of our residents live here year-round, many have their primary residence elsewhere and come here only seasonally or for vacation. There are also a mix of single family, multi-family, and group seasonal rental units in Montreat. Our community is home to two large institutions: The Montreat Conference Center and Montreat College. These two institutions, along with the town's residences and the Town government, all have an intertwined history and continue to cooperate together to the present day. The Town exercises direct jurisdiction over 2.78 square miles, and exercises limited extraterritorial jurisdiction for land use regulation over much of the remaining territory within our cove up to the ridgelines.

There are no industrial and only minimal commercial entities within the Montreat Town limits, although there are a wider range of such entities within the immediately adjacent Town of Black Mountain. While a large portion of our population (disregarding conferees and vacationers) are either college students or retirees, many of our working-age population commute to employment in Black Mountain, Asheville, or other nearby communities.

Montreat operates under a mayor-council form of government. The Town Board of Commissioners consists of a mayor and five commissioners, all elected at large to staggered four year terms. The Town provides police, water, solid waste collection, streets, and code enforcement services to its residents. Fire protection, sewers, and public education are provided by other governmental entities serving part or all of Buncombe County.

### **Local Economic Conditions**

As indicated above, Montreat is a small residential community with no industry and – excepting the two large not-for-profit institutions - a trivial commercial sector. Most of our residents are either college students or retirees living here for part or all of the year. Only a minority of our population is employed, and most of these people commute to jobs in Black Mountain, Asheville, or other nearby communities. In turn, most of the employees of the Town, the Montreat Conference Center, and Montreat College do not live in Montreat but rather commute in from other nearby communities. A total of 340 people were employed in Montreat, earning a total of \$8,767,000 in wages and salaries in 2010, according to Census Bureau data. Most of the income received by Montreat residents thus comes from either wages and salaries earned elsewhere, or from pension, investment, and government transfer payments that all derive from outside the community. With the exception of the payment of property taxes, water bills, and – in the case of college students – tuition, most of the income received by Montreat residents is expended outside of our town limits. The Montreat Conference Center also receives fees paid by conferees that live outside of the area. In consequence of all of this, the local Montreat economy is extremely



integrated with and dependent upon the wider regional and national economy, and there is very little that can or does happen here that has an impact upon the flow of funds through our community.

The Asheville Metropolitan Statistical Area and the entire Southern Highlands region have become an attractive destination for retirees over the past few decades. As a consequence, the median age for the Asheville MSA is 42.2 years vs. 36.9 years nationally, according to Census Bureau data. The source of household income within the entire region is skewed more toward unearned income (investment income, rents, pensions, government transfer payments) and away from earned income (salaries and wages) than the national average. The advantage of this is that the unearned income tends to be more stable than is the case with earned income subject to cyclical fluctuations in employment. This in turn means that the regional economy has been more stable and less vulnerable to the extremes of the boom and bust cycles that have been inflicted upon the national economy as a whole. The unemployment rate in the Asheville MSA has generally remained somewhat below national averages, and stood at 3.9% vs. 4.9% in June of 2016. Regional employment continues the same national trend of a slow recovery.

While we have largely recovered from the recent recession, the regional employment market has nevertheless offered limited opportunities for job seekers even during good times, especially for those who are highly educated or skilled, and as a consequence individual and household incomes in this area have generally been below national averages. For example, the median household income in the Asheville MSA in 2015 was \$44,826 vs. a national median of \$56,516, according to the Economic Development Coalition of Asheville-Buncombe County. Montreat is a more affluent community than is typical for our area, and our residents thus enjoy higher incomes: a 2010 household median of \$48,430, and a household average of \$60,893, according to CLRsearch.com.

Overall non-farm employment in the Asheville MSA has increased by 9.4% from 2010 to 2015, according to the Economic Development Coalition of Asheville-Buncombe County. The best performing sectors in our region have been: professional and business services (with an increase of 20.0% from 2010-2015); leisure and hospitality (with an increase of 19.8% from 2010-2015); transportation & utilities (with an increase of 18.2% from 2010-2015); and health care and education (with an employment increase of 14.0% from 2010-2015). In contrast, the area has experienced sustained declines in the government (-8.8%); information (-5.3%), and wholesale trade (-2.1%) sectors between 2010 and 2015.

The Asheville region has had a history of being a center for healthcare going back to the large concentration of tuberculosis sanitariums located in the area over a century ago. More recently, the large influx of retirees settling in the region, with their increasing needs for health care as part of the natural aging process, has led to the development of an extensive health care industry serving the local population, mostly located in Asheville and Black Mountain.

In addition to Montreat College, whose main campus is located within our Town's boundaries, the area is also served by several other institutions of higher learning. The famous Black Mountain College closed a half-century ago, but Warren Wilson College is still operating nearby. Asheville is home to both the Asheville-Buncombe Technical



Community College and the University of North Carolina at Asheville. In addition to the Buncombe County and Asheville City public school systems, several private primary and secondary schools operate in the area; none of these have facilities within the boundaries of the Town of Montreat, and all of our K-12 students must be transported to schools in Black Mountain or elsewhere.

The growth of the professional and business services sector in our area mirrors the nationwide trend and the U.S. continues its transition to a post-industrial economy. In our area, this trend appears to be driven not by a few large employers but rather by the growth of a myriad of smaller firms. The area, with its exceptional quality of life, is an attractive location for entrepreneurs to set up small businesses, especially ones that are able to deliver services nationally and even globally over the internet.

Tourism has been a strong regional industry going back for over a century. People have always been drawn to the beautiful scenery, comfortable climate, and abundant recreational opportunities offered by our mountains. Tourism is an industry in which Montreat participates directly through the Montreat Conference Center. Because most of our visitors come from North Carolina and other nearby states rather than internationally, our area is seen as a relatively inexpensive vacation destination and an affordable value for many people living in the eastern half of the nation.

Local government, represented by the Town of Montreat, is itself an important industry in the local economy. Our general and water fund budgets (excluding extraordinary grant-funded activities) have remained relatively stable over the past five years. The Town of Montreat employs a full-time staff of 14 individuals.

### **Long-Term Financial Planning & Major Initiatives**

The Town's Board of Commissioners and staff are dedicated to managing the Town's financial affairs in a professional and prudent manner, and to maintaining the Town in sound financial condition. To this end, we generally maintain fund balances that are in excess of annual operating expenditures. We avoid running operating deficits and funding them with appropriated fund balance unless absolutely necessary for the internal funding of extraordinary expenditures to avoid taking on additional debt. Our indebtedness is far below the maximums mandated by North Carolina state law. We strive to manage the Town's operations efficiently and to avoid the need to resort to increases in the ad valorem tax rate. The Water Fund is operated as much as possible on a self-supporting basis, and we attempt to set water rates that are fair to all users.

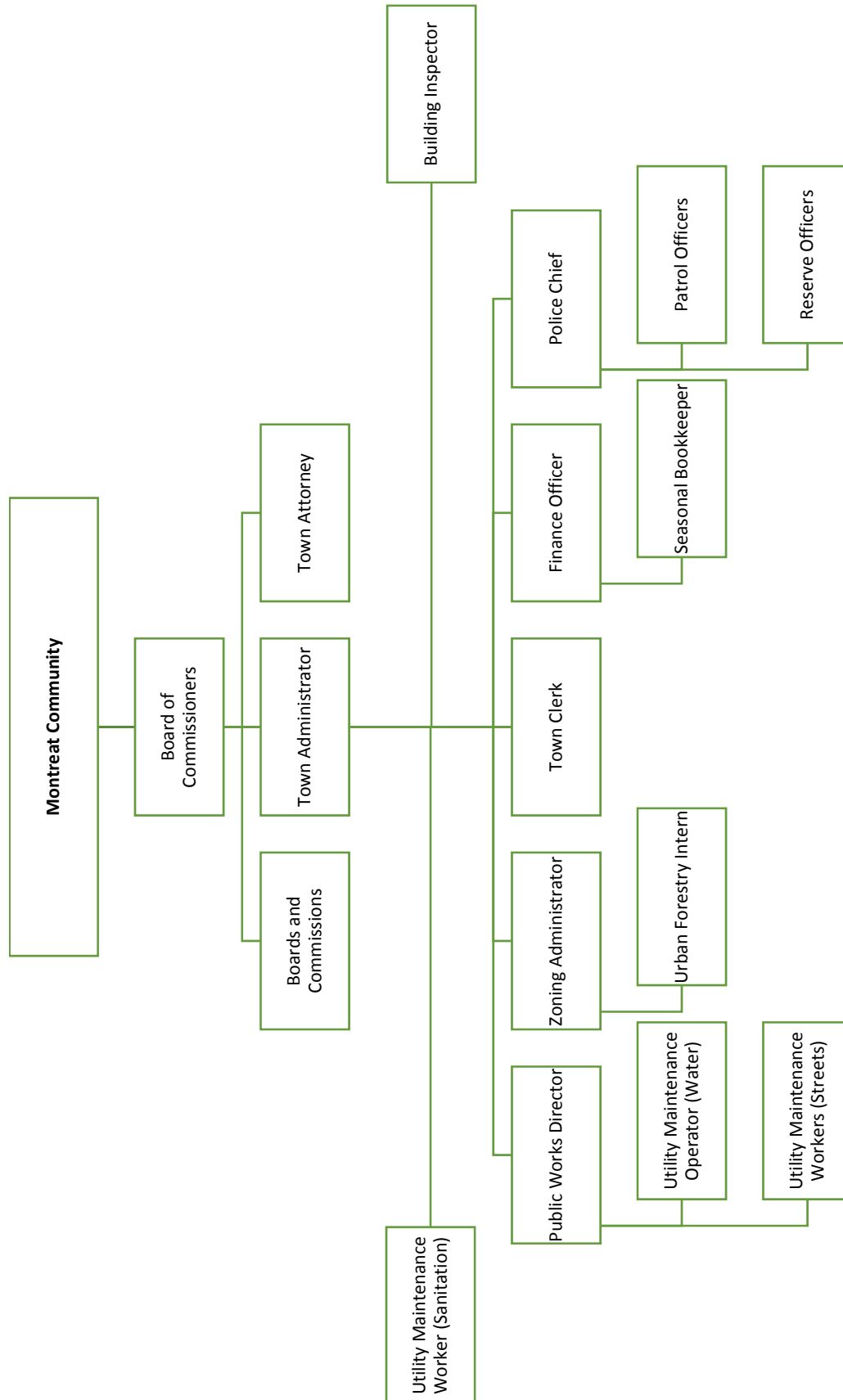
The Board of Commissioners, in collaboration with the Town staff, establishes a set of goals as a part of the annual budget and Capital Improvement Plan (C.I.P) process. Both documents may be found on the Town's website (<https://townofmontreat.org/>.) Two large projects were under consideration throughout FYE 18 but remain in a preliminary planning stage: the building of a new town hall and public works building. The Town Hall is in the Design phase and construction is expected to begin in the summer of 2019.

### **Awards and Acknowledgements**

The previous fiscal year that ended on June 30, 2017 was our sixth year that the Town has participated in the Certificate of Achievement for Excellence in Financial Reporting program of the Government Finance Officers Association. Due to staffing turnover, we were not able to submit our application for the award last year, however it is our intention to submit this CAFR to the GFOA program.

The preparation of this comprehensive annual financial report was made possible with the assistance of Martin Starnes & Associates, CPAs, P.A., and with the assistance of the Town of Montreat staff members, to whom we express our appreciation. We also acknowledge the support of the Mayor, Board of Commissioners, and members of the Audit Committee of the Town of Montreat in our efforts to improve the professionalism and quality of our management and reporting of the Town's financial affairs.

  
\_\_\_\_\_  
Alex Carmichael  
Town Administrator  
\_\_\_\_\_  
Darlene Carrisquillo  
Finance Officer



**TOWN COUNCIL**

Honorable Tim Helms, Mayor  
Kent Otto, Mayor Pro Tem  
Kathryn Fouche  
William Gilliland  
Alice Lentz  
Tom Widmer

**ADMINISTRATION**

Alex Carmichael, Town Administrator  
Erin Marie Wheeler, Finance Officer  
Angela Murphy, Town Clerk  
David Arrant, Interim Chief of Police  
Barry Creasman, Interim Director of Public Works

**AUDIT COMMITTEE**

William Gilliland, Chair  
Hugh Alexander, Vice Chair  
Phillip Arnold, Secretary  
Kent Otto  
Tom Widmer



# **FINANCIAL SECTION**

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

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

## INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor  
And Members of the Board of Commissioners  
Montreat, North Carolina

### **Report On the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Montreat, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Montreat, North Carolina, as of June 30, 2018, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions be presented to supplement the basic financial statements. Such information, although not a 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 Town of Montreat, North Carolina. The introductory section, combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from, and relate 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, the combining and individual fund financial statements, budgetary schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated February 28, 2019 on our consideration of the Town of Montreat's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of the report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Montreat's 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 the Town of Montreat's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
February 28, 2019

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## Management's Discussion and Analysis

As management of the Town of Montreat, we offer readers of the Town of Montreat's financial statements this narrative overview and analysis of the financial activities of the Town of Montreat for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### Financial Highlights

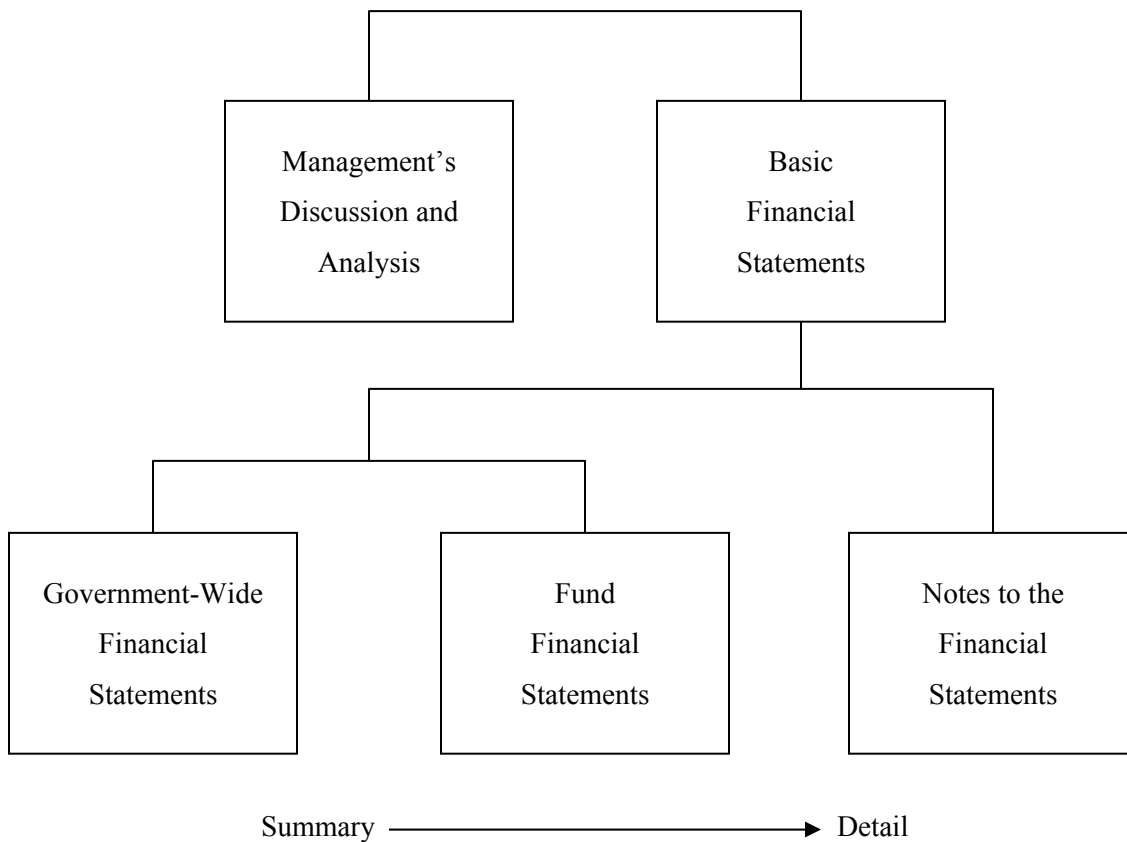
- The assets and deferred outflows of resources of the Town of Montreat exceed its liabilities and deferred inflows of resources at the close of the fiscal year by \$7,533,785 (*net position*).
- The government's total net position increased by \$245,434, primarily due to increased assets and decreased long and short-term liabilities.
- As of the close of the current fiscal year, the Town of Montreat's General Fund reported ending fund balance of \$1,762,860 with a net decrease of \$160,260 in fund balance. Approximately 22.3% of this total amount, or \$393,649, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,316,220, or 72.0%, of total General Fund expenditures and transfers out for the fiscal year.
- The Town of Montreat's total long-term liabilities decreased by \$221,741 (-18.3%) during the current fiscal year. The key factor in this decrease was the reduction in Law Enforcement Officers pension liabilities, installment purchase and bond debt liabilities and compensated absences during the year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Montreat's basic financial statements. The Town's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Montreat.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **government-wide financial statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits C - J) are **fund financial statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.

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



## **Government-Wide Financial Statements**

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

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's total assets and total liabilities and deferred outflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services, such as general government, public safety, transportation, and general administration. Property taxes and federal and State grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water services offered by the Town of Montreat.

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

## **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Montreat, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Montreat can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental 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 Town of Montreat 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 Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** - The Town of Montreat has one proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Montreat uses enterprise funds to account for its water activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town of Montreat has one fiduciary fund, which is an agency fund.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Montreat's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 53 of this report.

**Interdependence with Other Entities** - The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

## Government-Wide Financial Analysis

### Town of Montreat's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets and Deferred Outflows of Resources:</b>						
Current and other assets	\$ 2,202,298	\$ 2,134,011	\$ 891,586	\$ 848,000	\$ 3,093,884	\$ 2,982,011
Capital assets	3,831,821	3,915,657	1,591,451	1,668,915	5,423,272	5,584,572
Deferred outflows of resources	133,656	186,757	-	-	133,656	186,757
Total assets and deferred outflows of resources	<u>6,167,775</u>	<u>6,236,425</u>	<u>2,483,037</u>	<u>2,516,915</u>	<u>8,650,812</u>	<u>8,753,340</u>
<b>Liabilities and Deferred Inflows of Resources:</b>						
Long-term liabilities outstanding	439,726	577,540	552,769	636,696	992,495	1,214,236
Other liabilities	93,808	211,369	9,718	25,359	103,526	236,728
Deferred inflows of resources	21,006	14,025	-	-	21,006	14,025
Total liabilities and deferred inflows of resources	<u>554,540</u>	<u>802,934</u>	<u>562,487</u>	<u>662,055</u>	<u>1,117,027</u>	<u>1,464,989</u>
<b>Net Position:</b>						
Net investment in capital assets	3,695,360	3,749,519	1,038,682	1,032,219	4,734,042	4,781,738
Restricted	390,961	330,586	-	-	390,961	330,586
Unrestricted	1,526,914	1,353,386	881,868	822,641	2,408,782	2,176,027
Total net position	<u>\$ 5,613,235</u>	<u>\$ 5,433,491</u>	<u>\$ 1,920,550</u>	<u>\$ 1,854,860</u>	<u>\$ 7,533,785</u>	<u>\$ 7,288,351</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 Town of Montreat exceeded liabilities and deferred inflows by \$7,533,785 as of June 30, 2018. The Town's net position increased by \$245,434 for the fiscal year ended June 30, 2018. However, the largest portion (62.8%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Montreat uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Montreat's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Montreat's net position, \$390,961, or 5.2%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,408,782 is unrestricted.

Several particular aspects of the Town's financial operations positively influenced the total unrestricted governmental and business-type net position:

- The net position in governmental activities increased by \$179,744. As compared to the previous fiscal year, the Town had more cash in Accounts Receivables. Assets increased (such as through the purchase of property at 1210 Montreat Road) and liabilities decreased (such as through payments made towards bond debt and installment financing).

- The net position in business-type activities increased by \$65,690. As compared to the previous fiscal year, the Town's liabilities decreased (such as payments on bond debt and paying off the backhoe note).

### Town of Montreat Changes in Net Position

Figure 3

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 94,784	\$ 98,987	\$ 333,751	\$ 351,697	\$ 428,535	\$ 450,684
Operating grants and contributions	152,413	147,450	-	-	152,413	147,450
Capital grants and contributions	2,787	3,694	-	-	2,787	3,694
General revenues:						
Property taxes	1,000,700	974,695	-	-	1,000,700	974,695
Other taxes	406,038	402,651	-	-	406,038	402,651
Other	9,848	9,758	3,886	244	13,734	10,002
Total revenues	<u>1,666,570</u>	<u>1,637,235</u>	<u>337,637</u>	<u>351,941</u>	<u>2,004,207</u>	<u>1,989,176</u>
<b>Expenses:</b>						
General government	337,182	604,294	-	-	337,182	604,294
Public safety	358,436	439,093	-	-	358,436	439,093
Transportation	473,469	380,618	-	-	473,469	380,618
Environmental protection	117,305	96,173	-	-	117,305	96,173
Culture and recreation	26,265	20,419	-	-	26,265	20,419
Interest on long-term debt	3,278	6,221	-	-	3,278	6,221
Water and sewer	-	-	271,947	272,343	271,947	272,343
Total expenses	<u>1,315,935</u>	<u>1,546,818</u>	<u>271,947</u>	<u>272,343</u>	<u>1,587,882</u>	<u>1,819,161</u>
Increase in net position before special item	350,635	90,417	65,690	79,598	416,325	170,015
Special item:						
Loss on disposal of asset	(170,891)	-	-	-	(170,891)	-
Change in net position	<u>179,744</u>	<u>90,417</u>	<u>65,690</u>	<u>79,598</u>	<u>245,434</u>	<u>170,015</u>
Net position, beginning of year	5,433,491	5,269,195	1,854,860	1,775,262	7,288,351	7,044,457
Restatement	-	73,879	-	-	-	73,879
Beginning of year - July 1 as restated	<u>5,433,491</u>	<u>5,343,074</u>	<u>1,854,860</u>	<u>1,775,262</u>	<u>7,288,351</u>	<u>7,118,336</u>
Net position, June 30	<u>\$ 5,613,235</u>	<u>\$ 5,433,491</u>	<u>\$ 1,920,550</u>	<u>\$ 1,854,860</u>	<u>\$ 7,533,785</u>	<u>\$ 7,288,351</u>

**Governmental Activities.** Governmental activities increased the Town's net position by \$179,744, thereby accounting for 73.2% of the total growth in the net position of \$245,434 for the Town of Montreat. This compares to an increase of \$170,015 in the previous fiscal year, a difference of \$75,419.

Key elements of this increase are as follows:

- Program revenues decreased by about \$147 over the previous year.
- Government activity revenues increased by \$11,140 from the previous year.
- Governmental activity expenses decreased by \$230,883 compared to the previous fiscal year.

**Business-Type Activities.** Business-type activities in the Water Fund increased the Town of Montreat's net position by \$65,690, accounting for 26.8% of the total growth in the government's net position.

Key elements of this increase are as follows:

- Business-type revenues decreased by \$17,946 from the previous year.
- Business-type activity expenses remained consistent with the prior year and decreased by \$396.

### **Financial Analysis of the Town's Funds**

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

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

The General Fund is the chief operating fund of the Town of Montreat. At the end of the current fiscal year, the Town of Montreat's fund balance available in the General Fund was \$1,656,888, while total fund balance reached \$1,762,860. The governing body of the Town of Montreat has determined that the Town should maintain at least 35% of General Fund budgeted expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has available fund balance of 90.70% of total General Fund expenditures and transfers out, while total fund balance represents 96.50% of the same amount.

At June 30, 2018, the governmental funds of the Town of Montreat reported a combined fund balance of \$2,108,741, with a net increase in fund balance of \$185,621. During fiscal year 2018, the Town identified its need to construct a Town Hall and Public Works Building and adopted project ordinances for the construction of these buildings. The Town Hall Capital Project Fund had an increase in fund balance and an ending fund balance at June 30, 2018 of \$74,340, while the Public Works Capital Project Fund had an increase in fund balance and an ending fund balance of \$295,200.

**General Fund Budgetary Highlights.** During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

The Town ended the fiscal year with actual revenues in most categories below the final budgeted amounts and our total revenues were \$219,682 less than budgeted. Our actual General Fund expenditures in all departments (appropriation is by departmental level) were below budget by a total of \$312,140. Transfers to establish the capital project funds for the Town Hall and Public Works Building were equal to the budgeted amount of \$525,000.

**Proprietary Funds.** The Town of Montreat's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$881,868. The total change in net position for the Water Fund was \$65,690.

The Town's Proprietary (Water) Fund brought in actual revenues below budget of \$30,966. This was due to lower water fees being received than expected. We also expended \$91,235 less than budgeted due to some projects being reduced and deferred. Overall, the Water Fund ended with a surplus over the original balanced budget of \$60,269.

### Capital Asset and Debt Administration

**Capital Assets.** The Town of Montreat's investment in capital assets for its governmental and business-type activities as of June 30, 2018 totals \$5,423,272 (net of accumulated depreciation). These assets include land, buildings, building improvements, equipment, infrastructure, vehicles, and water system.

Major capital asset transactions during the year include the following:

- Two new capital project funds for the Town Hall and Public Works Building projects which totaled \$155,460 included in construction in progress.
- A new bucket truck for \$27,248
- New police radios totaling \$38,273

### Town of Montreat's Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,355,224	\$ 1,355,224	\$ 367,968	\$ 367,968	\$ 1,723,192	\$ 1,723,192
Construction in progress	323,471	337,006	-	-	323,471	337,006
Buildings	1,777	1,825	74,626	78,179	76,403	80,004
Building improvements	14,480	17,895	497,719	517,628	512,199	535,523
Equipment	40,320	4,342	-	14,949	40,320	19,291
Infrastructure	1,952,370	2,033,383	651,138	690,191	2,603,508	2,723,574
Vehicles	144,179	165,982	-	-	144,179	165,982
Total	<u>\$ 3,831,821</u>	<u>\$ 3,915,657</u>	<u>\$ 1,591,451</u>	<u>\$ 1,668,915</u>	<u>\$ 5,423,272</u>	<u>\$ 5,584,572</u>

Additional information on the Town's capital assets can be found in Note 2 of the basic financial statements.

**Long-Term Debt.** As of June 30, 2018, the Town of Montreat had total bonded debt outstanding of \$90,000 and \$559,230 of installment debt.

### Outstanding Liabilities

**Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Bonds payable	\$ -	\$ -	\$ 90,000	\$ 118,000	\$ 90,000	\$ 118,000
Installment debt	136,461	166,138	462,769	518,696	599,230	684,834
Compensated absences	102,266	133,027	-	-	102,266	133,027
Pension related debt (LGERS)	141,467	200,773	-	-	141,467	200,773
Pension related debt (LEO)	59,532	77,602	-	-	59,532	77,602
Total	<u>\$ 439,726</u>	<u>\$ 577,540</u>	<u>\$ 552,769</u>	<u>\$ 636,696</u>	<u>\$ 992,495</u>	<u>\$ 1,214,236</u>

### Town of Montreat's Outstanding Debt

The Town of Montreat's total long-term obligations decreased by \$221,741 (-18.26%) during the past fiscal year, primarily due to scheduled debt payments and the decrease in pension related debt and compensated absences.

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 Town of Montreat is \$20,088,319.

Additional information regarding the Town of Montreat's long-term debt can be found in Note 2 of this report.

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

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

- The population of Montreat is estimated to have grown by 15% over the last 10-year census period, from 630 in 2000 to 724 in 2010. The most recent estimate for 2017 is 868. This represents a recovery from the past few years, during which it had experienced some decline. (Source: US Census Bureau and NC State Demographics Unit)
- While Montreat is mainly a residential community, there are two large institutions located within our town limits: the Mountain Retreat Association d/b/a Montreat Conference Center and Montreat College. The number of full-time equivalent employees at the Montreat Conference Center has increased to 87 in the past year. The operating budget for Montreat Conference Center has held steady at approximately \$7.5 million in 2017 and 2018. The total headcount enrollment of full and part-time students on the Montreat College main campus increased from 509 in 2017 to 538 in 2018. The number of employees at the Montreat campuses increased slightly from 127 in 2017 to 128 in 2018. The operating budget for Montreat College increased from \$20.5 million in 2017 to \$20.9 in 2018. (Source: Montreat Conference Center and Montreat College)
- The total valuation of real property within the jurisdiction of the Town of Montreat for calendar year 2017 was \$238,989,117. (Source: Buncombe County).
- A total of 87 building permits were issued by the Town. This is an increase of 35 over the previous fiscal year. (Source: Town of Montreat)
- The Town delivered a total of 33,875,260 gallons of water through fiscal year ended 2018, an increase of 5,475,144 gallons, or 20% from the previous year. (Source: Town of Montreat)

## **Budget Highlights for the Fiscal Year Ending June 30, 2019**

### **Governmental Activities:**

- Budgeted General Fund revenues for the fiscal year ending June 30, 2019 have been estimated at \$1,886,447. This represents an increase of \$219,877, or 11%, from the final actual revenues of \$1,666,570 for the fiscal year ended June 30, 2018. This increase is mostly due to minor changes in the expected amounts to be received in several revenue accounts.
- Budgeted expenditures in the General Fund for the fiscal year ending June 30, 2019 have been estimated at \$1,886,447. This represents an increase of \$584,617, or 30%, from the final actual expenditures of \$1,301,830 for fiscal year ended June 30, 2018. Most of the increase is due to anticipated expenditures for capital projects in fiscal year 2018 were deferred to fiscal 2019.
- Other financing sources (appropriated fund balance) for the General Fund for fiscal year ending 2019 are budgeted at \$0. This compares with actual other financing sources (debt issued) for the fiscal year ended 2018 of \$-0-, which shows no increase and/or decrease. Note that the Town routinely budgets an appropriation of fund balance in excess of what it ultimately uses. In the fiscal year ended 2018, an appropriation of fund balance of \$127,718 was left entirely unused.

### **Business-Type Activities:**

- Budgeted Water Fund revenues for the fiscal year ending June 30, 2019 have been estimated at \$356,611. This represents an increase of \$18,974, or 5%, from the final actual revenues of \$337,637 for the fiscal year ended June 30, 2018. This difference is primarily due to a significant reduction in water access fees from fiscal year 2018 to fiscal year 2019.
- Budgeted Water Fund expenditures and debt service for the fiscal year ending June 30, 2019 equal \$354,311. This is an increase of \$82,364, or 23%, from the final actual expenditures of \$271,947 for fiscal year ended June 30, 2018. This is due to budgeting for additional capital projects.

### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Alex Carmichael, Town Administrator, P.O. Box 423, Montreat, North Carolina 28757, or call (828) 669-8002.



# **BASIC FINANCIAL STATEMENTS**

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## TOWN OF MONTREAT, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 1,823,516	\$ 833,600	\$ 2,657,116
Taxes receivable, net	1	-	1
Accounts receivable, net	103,284	33,212	136,496
Inventories	-	17,279	17,279
Prepaid items	2,688	-	2,688
Restricted cash and cash equivalents	272,809	7,495	280,304
Total current assets	2,202,298	891,586	3,093,884
Non-current assets:			
Capital assets:			
Land and construction in progress	1,678,695	367,968	2,046,663
Other capital assets, net of depreciation	2,153,126	1,223,483	3,376,609
Total non-current assets	3,831,821	1,591,451	5,423,272
Total assets	6,034,119	2,483,037	8,517,156
<b>Deferred Outflows of Resources:</b>			
Pension deferrals	133,656	-	133,656
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued expenses	93,808	2,223	96,031
Liabilities payable from restricted assets	-	7,495	7,495
Current portion of long-term liabilities	23,061	69,086	92,147
Current portion of compensated absences	10,227	-	10,227
Total current liabilities	127,096	78,804	205,900
Long-term liabilities:			
Total pension liability (LEOSSA)	59,532	-	59,532
Net pension liability (LGRERS)	141,467	-	141,467
Due in more than one year	205,439	483,683	689,122
Total long-term liabilities	406,438	483,683	890,121
Total liabilities	533,534	562,487	1,096,021
<b>Deferred Inflows of Resources:</b>			
Pension deferrals	19,506	-	19,506
Prepaid taxes	1,500	-	1,500
Total deferred inflows of resources	21,006	-	21,006
<b>Net Position:</b>			
Net investment in capital assets	3,695,360	1,038,682	4,734,042
Restricted for:			
Stabilization by state statute	103,284	-	103,284
Streets	272,809	-	272,809
Cultural and recreation	14,868	-	14,868
Unrestricted	1,526,914	881,868	2,408,782
Total net position	\$ 5,613,235	\$ 1,920,550	\$ 7,533,785

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

# TOWN OF MONTREAT, NORTH CAROLINA

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

		Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
	Expenses			
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 337,182	\$ 88,002	\$ 105,009	\$ -
Public safety	358,436	1,673	-	-
Transportation	473,469	-	40,875	-
Environmental protection	117,305	5,109	6,529	2,787
Cultural and recreation	26,265	-	-	-
Interest on long-term debt	3,278	-	-	-
Total governmental activities	<u>1,315,935</u>	<u>94,784</u>	<u>152,413</u>	<u>2,787</u>
<b>Business-Type Activities:</b>				
Water	<u>271,947</u>	<u>333,751</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>271,947</u>	<u>333,751</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 1,587,882</u>	<u>\$ 428,535</u>	<u>\$ 152,413</u>	<u>\$ 2,787</u>

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

# **TOWN OF MONTREAT, NORTH CAROLINA**

## **STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Functions/Programs:</b>			
<b>Primary Government:</b>			
<b>Governmental Activities:</b>			
General government	\$ (144,171)	\$ -	\$ (144,171)
Public safety	(356,763)	-	(356,763)
Transportation	(432,594)	-	(432,594)
Environmental protection	(102,880)	-	(102,880)
Cultural and recreation	(26,265)	-	(26,265)
Interest on long-term debt	(3,278)	-	(3,278)
Total governmental activities	<u>(1,065,951)</u>	<u>-</u>	<u>(1,065,951)</u>
<b>Business-Type Activities:</b>			
Water	-	61,804	61,804
Total business-type activities	<u>-</u>	<u>61,804</u>	<u>61,804</u>
Total primary government	<u>(1,065,951)</u>	<u>61,804</u>	<u>(1,004,147)</u>
<b>General Revenues:</b>			
Taxes:			
Property taxes, levied for general purposes	1,000,700	-	1,000,700
Local option sales tax	406,038	-	406,038
Investment earnings, unrestricted	4,395	284	4,679
Miscellaneous	<u>5,453</u>	<u>3,602</u>	<u>9,055</u>
Total general revenues, excluding special item	<u>1,416,586</u>	<u>3,886</u>	<u>1,420,472</u>
Special item: loss on disposal of asset	<u>(170,891)</u>	<u>-</u>	<u>(170,891)</u>
Change in net position	179,744	65,690	245,434
<b>Net Position:</b>			
Beginning of year - July 1	<u>5,433,491</u>	<u>1,854,860</u>	<u>7,288,351</u>
End of year - June 30	<u>\$ 5,613,235</u>	<u>\$ 1,920,550</u>	<u>\$ 7,533,785</u>

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

## TOWN OF MONTREAT, NORTH CAROLINA

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2018

	Major			Other	
	General	Town Hall	Public Works	Governmental	
	Fund	Capital	Capital	Funds	Total
		Project Fund	Project Fund		
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,453,976	\$ 74,340	\$ 295,200	\$ -	\$ 1,823,516
Taxes receivable, net	1	-	-	-	1
Accounts receivable, net	103,284	-	-	-	103,284
Prepaid items	2,688	-	-	-	2,688
Restricted cash	272,809	-	-	-	272,809
Total assets	<u>\$ 1,832,758</u>	<u>\$ 74,340</u>	<u>\$ 295,200</u>	<u>\$ -</u>	<u>\$ 2,202,298</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 68,397	\$ -	\$ -	\$ 23,659	\$ 92,056
<b>Deferred Inflows of Resources:</b>					
Property tax receivable	1	-	-	-	1
Prepaid taxes	1,500	-	-	-	1,500
Total deferred inflows of resources	<u>1,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,501</u>
<b>Fund Balances:</b>					
Non-spendable:					
Prepays	2,688	-	-	-	2,688
Restricted:					
Stabilization by state statute	103,284	-	-	-	103,284
Streets	272,809	-	-	-	272,809
Open space	14,868	-	-	-	14,868
Committed	20,115	74,340	295,200	-	389,655
Assigned:					
Public safety	32,876	-	-	-	32,876
Unassigned	1,316,220	-	-	(23,659)	1,292,561
Total fund balances	<u>1,762,860</u>	<u>74,340</u>	<u>295,200</u>	<u>(23,659)</u>	<u>2,108,741</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,832,758</u>	<u>\$ 74,340</u>	<u>\$ 295,200</u>	<u>\$ -</u>	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:					
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.					3,831,821
Deferred outflows of resources related to pensions are not reported in the funds.					133,656
Long-term liabilities, compensated absences, and interest payable are not due and payable in the current period and, therefore, are not reported in the funds.					(240,479)
Net pension liability - LGERS					(141,467)
Total pension liability - LEOSSA					(59,532)
Deferred inflows of resources related to pensions are not reported in the funds.					(19,506)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be received within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.					<u>1</u>
Net position of governmental activities					<u>\$ 5,613,235</u>

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

## TOWN OF MONTREAT, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

	Major			Other	
	General	Town Hall	Public Works	Governmental	Total
	Fund	Capital	Capital	Funds	
		Project Fund	Project Fund		
<b>Revenues:</b>					
Ad valorem taxes	\$ 1,000,700	\$ -	\$ -	\$ -	\$ 1,000,700
Other taxes and licenses	406,038	-	-	-	406,038
Unrestricted intergovernmental revenues	93,385	-	-	-	93,385
Restricted intergovernmental revenues	46,875	-	-	-	46,875
Permits and fees	88,002	-	-	-	88,002
Sales and services	18,935	-	-	-	18,935
Investment earnings	4,395	-	-	-	4,395
Miscellaneous	8,240	-	-	-	8,240
Total revenues	<u>1,666,570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,666,570</u>
<b>Expenditures:</b>					
Current:					
General government	363,348	150,660	-	-	514,008
Public safety	397,494	-	-	-	397,494
Transportation	389,954	-	4,800	23,659	418,413
Environmental protection	104,362	-	-	-	104,362
Cultural and recreation	13,490	-	-	-	13,490
Debt service:					
Principal	29,677	-	-	-	29,677
Interest	3,505	-	-	-	3,505
Total expenditures	<u>1,301,830</u>	<u>150,660</u>	<u>4,800</u>	<u>23,659</u>	<u>1,480,949</u>
Revenues over (under) expenditures	<u>364,740</u>	<u>(150,660)</u>	<u>(4,800)</u>	<u>(23,659)</u>	<u>185,621</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from other funds	-	225,000	300,000	-	525,000
Transfers to other funds	<u>(525,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(525,000)</u>
Total other financing sources (uses)	<u>(525,000)</u>	<u>225,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(160,260)	74,340	295,200	(23,659)	185,621
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>1,923,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,923,120</u>
End of year - June 30	<u>\$ 1,762,860</u>	<u>\$ 74,340</u>	<u>\$ 295,200</u>	<u>\$ (23,659)</u>	<u>\$ 2,108,741</u>

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

# TOWN OF MONTREAT, 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, 2018

Amounts reported for governmental activities in the Statement of Activities  
(Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit D)	\$	185,621
Expenses related to interest expense that do not require current financial resources are not reported as expenditures.		227
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.		222,547
Loss on disposal of asset		(170,891)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.		(135,492)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.		29,677
Expenses related to compensated absences and pension obligations in the Statement of Activities that do not pay for current financial obligations are not reported as expenditures in the governmental funds. This adjustment is the amount of net change in these balances in the current year.		
Compensated absences	30,761	
Pension expense - LGERS	(6,471)	
Pension expense - LEOSSA	<u>23,765</u>	<u>48,055</u>
Change in net position of governmental activities per Exhibit B	\$	<u>179,744</u>

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



## TOWN OF MONTREAT, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Over/Under</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 981,843	\$ 981,843	\$ 1,000,700	\$ 18,857
Other taxes and licenses	411,600	411,600	406,038	(5,562)
Unrestricted intergovernmental revenues	105,983	105,983	93,385	(12,598)
Restricted intergovernmental revenues	39,446	45,446	46,875	1,429
Permits and fees	93,480	93,480	88,002	(5,478)
Sales and services	238,100	238,100	18,935	(219,165)
Investment earnings	6,800	6,800	4,395	(2,405)
Miscellaneous	3,000	3,000	8,240	5,240
Total revenues	<u>1,880,252</u>	<u>1,886,252</u>	<u>1,666,570</u>	<u>(219,682)</u>
<b>Expenditures:</b>				
General government	804,882	411,132	363,348	47,784
Public safety	462,374	426,204	397,494	28,710
Transportation	600,527	583,725	389,954	193,771
Environmental protection	100,037	110,621	104,362	6,259
Cultural and recreation	<u>7,000</u>	<u>13,540</u>	<u>13,490</u>	<u>50</u>
Debt service:				
Principal	29,550	65,148	29,677	35,471
Interest	<u>3,600</u>	<u>3,600</u>	<u>3,505</u>	<u>95</u>
Total debt service	<u>33,150</u>	<u>68,748</u>	<u>33,182</u>	<u>35,566</u>
Total expenditures	<u>2,007,970</u>	<u>1,613,970</u>	<u>1,301,830</u>	<u>312,140</u>
Revenues over (under) expenditures	<u>(127,718)</u>	<u>272,282</u>	<u>364,740</u>	<u>92,458</u>
<b>Other Financing Sources (Uses):</b>				
Fund balance appropriated	127,718	252,718	-	(252,718)
Transfer to other funds	<u>-</u>	<u>(525,000)</u>	<u>(525,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>127,718</u>	<u>(272,282)</u>	<u>(525,000)</u>	<u>(252,718)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(160,260)</u>	<u>\$ (160,260)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>1,923,120</u>	
End of year - June 30			<u>\$ 1,762,860</u>	

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

## TOWN OF MONTREAT, NORTH CAROLINA

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2018**

	<u><b>Water Fund</b></u>
<b>Assets:</b>	
Current assets:	
Cash and cash equivalents	\$ 833,600
Accounts receivable, net	33,212
Inventory	17,279
Restricted cash and cash equivalents	<u>7,495</u>
Total current assets	<u>891,586</u>
Non-current assets:	
Land and construction in process	367,968
Other capital assets, net	<u>1,223,483</u>
Total capital assets	<u>1,591,451</u>
Total assets	<u>2,483,037</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable and accrued liabilities	2,223
Bonds payable, current	28,000
ARRA debt, current	27,286
Note payable, current	13,800
Liabilities payable from restricted assets:	
Customer deposits	<u>7,495</u>
Total current liabilities	<u>78,804</u>
Non-current liabilities:	
Bonds payable	62,000
ARRA debt	325,083
Note payable	<u>96,600</u>
Total non-current liabilities	<u>483,683</u>
Total liabilities	<u>562,487</u>
<b>Net Position:</b>	
Net investment in capital assets	1,038,682
Unrestricted	<u>881,868</u>
Total net position	<u><u>\$ 1,920,550</u></u>

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

## TOWN OF MONTREAT, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Water Fund</u>
<b>Operating Revenues:</b>	
Charges for services	\$ 285,901
Other	<u>47,850</u>
Total operating revenues	<u>333,751</u>
 <b>Operating Expenses:</b>	
Water operations	182,357
Depreciation	<u>77,464</u>
Total operating expenses	<u>259,821</u>
 Operating income (loss)	 <u>73,930</u>
 <b>Non-Operating Revenues (Expenses):</b>	
Investment earnings	284
Sales of capital assets	3,602
Interest expense	<u>(12,126)</u>
Total non-operating revenues (expenses)	<u>(8,240)</u>
 Change in net position	 65,690
 <b>Net Position:</b>	
Beginning of year - July 1	<u>1,854,860</u>
 End of year - June 30	 <u>\$ 1,920,550</u>

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

# TOWN OF MONTREAT, NORTH CAROLINA

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUND

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Water Fund</u>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 376,905
Cash paid for goods and services	(164,877)
Cash paid to employees for services	<u>(34,305)</u>
Net cash provided (used) by operating activities	<u>177,723</u>
 <b>Cash Flows from Capital and Related Financing Activities:</b>	
Proceeds from sale of capital assets	3,602
Principal payment on long-term debt	(83,927)
Interest payment on long-term debt	<u>(12,869)</u>
Net cash provided (used) by capital and related financing activities	<u>(93,194)</u>
 <b>Cash Flows from Investing Activities:</b>	
Interest received	<u>284</u>
 Net increase (decrease) in cash, cash equivalents, and investments	84,813
 <b>Cash and Cash Equivalents:</b>	
Beginning of year - July 1	<u>756,282</u>
 End of year - June 30	<u><u>\$ 841,095</u></u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:</b>	
Operating income (loss)	\$ 73,930
Depreciation	77,464
Change in assets and liabilities:	
Accounts receivables	38,568
Prepays	860
Inventories	1,799
Accounts payable and accrued liabilities	(19,484)
Customer deposits	<u>4,586</u>
 Net cash provided (used) by operating activities	<u><u>\$ 177,723</u></u>

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

**TOWN OF MONTREAT, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUND**

**JUNE 30, 2018**

	<u><b>Agency Fund</b></u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 20,461
Receivables	<u>31,997</u>
Total assets	<u>\$ 52,458</u>
 <b>Liabilities</b>	
Accounts payable	<u>\$ 52,458</u>

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

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# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### I. Summary of Significant Accounting Policies

The accounting policies of the Town of Montreat (the “Town”) 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 Town is a municipal corporation that is governed by an elected Mayor and a five-member Board of Commissioners.

#### B. Basis of Presentation

*Government-Wide Statements:* The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole, or in part, by fees charged to external parties.

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The Town reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state grants, and various other taxes and licenses. The primary expenditures are for administration, public safety, and street maintenance.

**Town Hall Capital Project Fund.** This fund is used to account for the expenditures for the new Town Hall in the Town of Montreat.

**Public Works Building Capital Project Fund.** This fund is used to account for the expenditures for the new Public Works Building in the Town of Montreat.

The Town reports the following major enterprise fund:

**Water Fund.** This fund is used to account for the Town's water operations.

The Town reports the following nonmajor governmental funds:

**Special Revenue Funds.** The special revenue funds accounts for specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes. The special revenue funds maintained by the Town are the Calvin Trail Fund, Culvert Project Fund and Miscellaneous Project Fund.

**Capital Project Funds.** The capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The nonmajor capital projects maintained by the Town is the Providence Terrace Project Fund.

The Town reports the following fund types:

**Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the Town holds on behalf of others. The Town maintains one agency fund: Metropolitan Sewer District of Buncombe County.

### C. Measurement Focus and Basis of Accounting

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

*Government-Wide, Proprietary and Fiduciary Fund Financial Statements.* The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus except for the agency funds, which have no measurement focus. The government-wide, proprietary and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take



# **TOWN OF MONTREAT, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes and grants. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as 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 the 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 or limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

# **TOWN OF MONTREAT, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

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 Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Buncombe County and then remitted to and distributed by the state. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

### **D. Budgetary Data**

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all capital project funds and special revenue funds. 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 by more than \$2,500. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. During the year, several amendments to the original budget were necessary.

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

#### **1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the Town 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 Town's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Government Portfolio, an SEC-registered (2a-7) government money market fund, is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

### 3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Restricted cash at June 30, 2018 consists of the following:

#### **Governmental Activities:**

General Fund:

Powell Bill	\$ 272,809
Total governmental activities	<u>272,809</u>

#### **Business-Type Activities:**

Water Fund:

Customer deposits	<u>7,495</u>
Total business-type activities	<u>7,495</u>

Total restricted cash	<u><u>\$ 280,304</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 Town levies ad valorem taxes on property other than motor vehicles on July 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2017. As allowed by state law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

### 5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 6. Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market.

The inventories of the Town's Enterprise Fund consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

### 7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; building and improvements, \$5,000; infrastructure, \$20,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000; \$5,000 computer software and computer equipment \$500. Purchased or constructed capital assets are reported at cost or estimated historical cost. 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 reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement 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:

<b>Asset Class</b>	<b>Estimated Useful Lives</b>
Infrastructure	30 years
Buildings	50 years
Improvements	25 years
Furniture and equipment	10 years
Vehicles	6 years
Computer equipment	3 years

# **TOWN OF MONTREAT, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### **8. Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criteria: pension related deferrals for the 2018 fiscal year. In addition to liabilities, the Statement of Net 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 until then. The Town has two items that meet the criteria for this category - prepaid taxes and pension deferrals.

### **9. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **10. Compensated Absences**

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town 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 is considered a current liability in the government-wide financial statements.

# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

### 11. Net Position/Fund Balances

#### Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, 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:

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

*Prepays* – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

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

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

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

*Restricted for Open Space* – portion of fund balance that donors have contributed to the Town for conservation program efforts.

## TOWN OF MONTREAT, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

*Committed for Open Space* – portion of fund balance that the Board of Commissioners has assigned for conservation program efforts.

*Committed for General Government* – portion of fund balance that is committed by the Board for the Town Hall building project.

*Committed for Transportation* – portion of fund balance that is committed by the Board for the Public Works building project.

	<b>General Fund</b>	<b>Town Hall Capital Project Fund</b>	<b>Public Works Capital Project Fund</b>
<b>Committed Fund Balance:</b>			
Town contribution - open space	\$ 20,115	\$ -	\$ -
General government	-	74,340	-
Transportation	-	-	295,200
Total	<u>\$ 20,115</u>	<u>\$ 74,340</u>	<u>\$ 295,200</u>

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

*Assigned for Public Safety* – portion of total fund balance that the Board of Commissioners has budgeted for employee benefits.

Unassigned Fund Balance - the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only governmental fund that reports a positive unassigned fund balance.

The Town of Montreat has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-Town funds, and Town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The Town of Montreat has adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the Town in such a manner that remaining fund balance is at least equal to or greater than 35% of final budgeted expenditures. Any portion of the General Fund balance in excess of 35% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

### **Fund Balance Available for Appropriation**

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	\$ 1,762,860
Less:	
Stabilization by state statute	(103,284)
Non-spendable	<u>(2,688)</u>
Available fund balance	1,656,888
Fund balance policy	<u>(564,890)</u>
Remaining fund balance	<u><u>\$ 1,091,999</u></u>

### 12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows or 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 Town of Montreat's employer contributions are recognized when due and the Town of Montreat 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.

## II. Detail Notes On All Funds

### A. Assets

#### 1. Deposits

All of the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the Town'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 Town, these deposits are considered to be held by the Town's agents in their names. The amount of the



# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town 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 Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2018, the Town's deposits had a carrying amount of \$2,944,255 and a bank balance of \$2,951,552. 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, 2018, the Town's petty cash fund totaled \$250.

### 2. Investments

At June 30, 2018, the Town of Montreat had \$13,376 invested with the North Carolina Capital Management Trust's Government Portfolio.

*Interest Rate Risk.* The Town has no formal investment policy regarding interest rate risk.

*Credit Risk.* The Town has no formal policy regarding credit risk, but has internal management procedures that limit the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2018.

### 3. Receivables – Allowance for Doubtful Accounts

The amounts presented in the balance sheet and the Statement of Net Position for the year ended June 30, 2018 are net of the following allowances for doubtful accounts:

Water Fund - accounts receivable	\$ <u>1,748</u>
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The Town of Montreat has no allowance for doubtful accounts for its governmental funds.

# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### 4. Capital Assets

#### **Primary Government**

Capital asset activity for the primary government for the year ended June 30, 2018 was as follows:

	<u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
<b>Governmental Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 1,355,224	\$ -	\$ -	\$ 1,355,224
Construction in progress	<u>337,006</u>	<u>157,356</u>	<u>(170,891)</u>	<u>323,471</u>
Total capital assets not being depreciated	<u>1,692,230</u>	<u>157,356</u>	<u>(170,891)</u>	<u>1,678,695</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings	1,921	-	-	1,921
Building improvements	59,507	-	-	59,507
Infrastructure	2,430,395	-	-	2,430,395
Equipment	97,418	37,943	(28,498)	106,863
IT equipment	73,254	-	(21,647)	51,607
Vehicles	<u>420,354</u>	<u>27,248</u>	<u>-</u>	<u>447,602</u>
Total capital assets being depreciated	<u>3,082,849</u>	<u>65,191</u>	<u>(50,145)</u>	<u>3,097,895</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	96	48	-	144
Building improvements	41,612	3,415	-	45,027
Infrastructure	397,012	81,013	-	478,025
Equipment	93,076	1,965	(28,498)	66,543
IT equipment	73,254	-	(21,647)	51,607
Vehicles	<u>254,372</u>	<u>49,051</u>	<u>-</u>	<u>303,423</u>
Total accumulated depreciation	<u>859,422</u>	<u>\$ 135,492</u>	<u>\$ (50,145)</u>	<u>944,769</u>
Total capital assets being depreciated	<u>2,223,427</u>			<u>2,153,126</u>
Governmental activity capital assets, net	<u>\$ 3,915,657</u>			<u>\$ 3,831,821</u>

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

General government	\$ 2,901
Public safety	20,312
Transportation	86,943
Environmental protection	12,561
Cultural and recreation	<u>12,775</u>
Total depreciation expense	<u>\$ 135,492</u>

# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### Proprietary Capital Assets

The capital asset activity of the proprietary fund for the year ended June 30, 2018 was as follows:

	<u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
<b>Business-Type Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	<u>\$ 367,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,968</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings	142,110	-	-	142,110
Improvements	601,155	-	-	601,155
Infrastructure	2,001,392	-	-	2,001,392
Equipment	98,938	-	-	98,938
IT equipment	23,776	-	-	23,776
Vehicles	<u>39,807</u>	<u>-</u>	<u>(13,293)</u>	<u>26,514</u>
Total capital assets being depreciated	<u>2,907,178</u>	<u>-</u>	<u>(13,293)</u>	<u>2,893,885</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	63,931	3,553	-	67,484
Improvements	83,527	19,909	-	103,436
Infrastructure	1,311,201	39,053	-	1,350,254
Equipment	83,989	14,949	-	98,938
IT equipment	23,776	-	-	23,776
Vehicles	<u>39,807</u>	<u>-</u>	<u>(13,293)</u>	<u>26,514</u>
Total accumulated depreciation	<u>1,606,231</u>	<u>\$ 77,464</u>	<u>\$ (13,293)</u>	<u>1,670,402</u>
Total capital assets being depreciated, net	<u>1,300,947</u>			<u>1,223,483</u>
Business-type activities capital assets, net	<u>\$ 1,668,915</u>			<u>\$ 1,591,451</u>

### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2018 is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	<u>\$ 3,831,821</u>	<u>\$ 1,591,451</u>
Long-term debt	<u>(136,461)</u>	<u>(552,769)</u>
Net investment in capital assets	<u>\$ 3,695,360</u>	<u>\$ 1,038,682</u>

# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

### B. Liabilities

#### 1. Payables

Payables at the government-wide level at June 30, 2018 were as follows:

	<u>Salaries and Benefits</u>	<u>Vendors</u>	<u>Accrued Interest</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General Fund	\$ 10,229	\$ 58,168	\$ 1,752	\$ 70,149
Other governmental funds	-	23,659	-	23,659
Total	<u>\$ 10,229</u>	<u>\$ 81,827</u>	<u>\$ 1,752</u>	<u>\$ 93,808</u>
<b>Business-Type Activities:</b>				
Water Fund	<u>\$ -</u>	<u>\$ 2,223</u>	<u>\$ -</u>	<u>\$ 2,223</u>

#### 2. Pension Plan and Postemployment Obligations

##### a. Local Government Employees' Retirement System

*Plan Description.* The Town of Montreat is a participating employer in the state-wide 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The state's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://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).

## **TOWN OF MONTREAT, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

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.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Montreat employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Montreat's contractually required contribution rate for the year ended June 30, 2018 was 8.25% of compensation for law enforcement officers and 7.50% for general employees and firefighters, 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 Town of Montreat were \$42,845 for the year ended June 30, 2018.

*Refunds of Contributions* – Town 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.

# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

At June 30, 2018, the Town reported a liability of \$141,467 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town'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, 2017, the Town's proportion was 0.00926%, which was a decrease of 0.00020% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$49,314. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 8,150	\$ 4,004
Changes of assumptions	20,203	-
Net difference between projected and actual earnings on pension plan investments	34,348	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	5,327	3,079
Town contributions subsequent to the measurement date	42,845	-
Total	<u>\$ 110,873</u>	<u>\$ 7,083</u>

\$42,845 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2019	\$ 8,474
2020	42,770
2021	20,190
2022	(10,489)
2023	-
Thereafter	-
Total	<u>\$ 60,945</u>

## TOWN OF MONTREAT, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 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 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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. 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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term
		Expected Real Rate of Return
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%	

## TOWN OF MONTREAT, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 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 3.00%. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.20%. 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 Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.20%, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20%) or one percentage point higher (8.20%) than the current rate:

	<b>1% Decrease (6.20%)</b>	<b>Discount Rate (7.20%)</b>	<b>1% Increase (8.20%)</b>
Town's proportionate share of the net pension liability (asset)	<u>\$ 424,688</u>	<u>\$ 141,467</u>	<u>\$ (94,933)</u>

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

#### b. Law Enforcement Officers' Special Separation Allowance

##### 1. *Plan Description*

The Town administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or



# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>5</u>
Total	<u><u>5</u></u>

### 2. Summary of Significant Accounting Policies

*Basis of Accounting.* The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria, which are outlined in GASB Statement 73.

### 3. Actuary Assumptions

The entry age normal actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20-Year High Grade Rate Index.

*Deaths After Retirement (Healthy):* RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

*Deaths Before Retirement:* RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

*Deaths After Retirement (Beneficiary):* RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

*Deaths After Retirement (Disabled):* RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

### 4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$18,657 as benefits came due for the reporting period.

### 5. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of resources Related to Pensions

At June 30, 2018, the Town reported a total pension liability of \$59,532. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of \$6,875.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 12,042
Changes of assumptions	6,068	381
Town benefit payments and plan administrative expense made subsequent to the measurement date	16,715	-
Total	<u>\$ 22,783</u>	<u>\$ 12,423</u>

# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

\$16,715 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2019	\$ (1,672)
2020	(1,672)
2021	(1,672)
2022	(1,339)
2023	-
Thereafter	-
Total	<u>\$ (6,355)</u>

*Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate.* The following presents the Town's total pension liability calculated using the discount rate of 3.16%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16%) or 1-percentage-point higher (4.16%) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	<u>\$ 62,343</u>	<u>\$ 59,532</u>	<u>\$ 56,759</u>

### Schedule of Changes in Total Pension Liability Law Enforcement Officer's Special Separation Allowance

	2018
Beginning balance	\$ 77,602
Service cost	5,494
Interest on the total pension liability	2,635
Differences between expected and actual experience	(15,203)
Changes of assumptions or other inputs	7,661
Benefit payments	<u>(18,657)</u>
Ending balance of the total pension liability	<u>\$ 59,532</u>

# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The plan currently uses mortality tables that vary by age, 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

### **Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions**

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 49,314	\$ 6,875	\$ 56,189
Pension liability	141,467	59,532	200,999
Proportionate share of the net pension liability	0.00926%	n/a	-

#### **Deferred Outflows of Resources:**

Differences between expected and actual experience	\$ 8,150	\$ -	\$ 8,150
Changes of assumptions	20,203	6,068	26,271
Net difference between projected and actual earnings on plan investments	34,348	-	34,348
Changes in proportion and differences between Town contributions and proportionate share of contributions	5,327	-	5,327
Benefit payments and administrative costs paid subsequent to the measurement date	42,845	16,715	59,560
Total deferred outflows of resources	<u>\$ 110,873</u>	<u>\$ 22,783</u>	<u>\$ 133,656</u>

#### **Deferred Inflows of Resources:**

Differences between expected and actual experience	\$ 4,004	\$ 12,042	\$ 16,046
Changes of assumptions	-	381	381
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,079	-	3,079
Total deferred inflows of resources	<u>\$ 7,083</u>	<u>\$ 12,423</u>	<u>\$ 19,506</u>

# **TOWN OF MONTREAT, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### **c. Supplemental Retirement Income Plan for Law Enforcement Officers**

*Plan Description.* The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The state's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2018 were \$14,490, which consisted of \$9,495 from the Town and \$4,995 from law enforcement officers. No amounts were forfeited.

### **d. Supplemental Retirement Income Plan for Employees Not Engaged in Law Enforcement**

*Funding Policy.* The Town also contributes each month an amount equal to 5% of each non-law enforcement employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2018 were \$28,388, which consisted of \$16,784 from the Town and \$11,604 from the employees. No amounts were forfeited.

### **3. Other Employment Benefits**

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

## TOWN OF MONTREAT, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

#### 4. Deferred Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

<u>Source</u>	<u>Amount</u>
Pension deferrals	<u>\$ 133,656</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Property taxes receivable (General Fund)	\$ -	\$ 1
Prepaid taxes not yet earned	1,500	1,500
Pension deferrals	<u>19,506</u>	<u>-</u>
Total	<u>\$ 21,006</u>	<u>\$ 1,501</u>

#### 5. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability of property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees 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 Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does not carry flood insurance due to its geographic location.

# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Town Administration and the Finance Officer are each individually bonded for \$50,000. The Town Clerk is bonded for \$10,000.

### 6. Long-Term Obligations

#### a. Installment Purchase

The Town's installment purchases at June 30, 2018 are comprised of the following individual issues:

In November 2015, the Town entered into a note with a private banking institution for \$162,000 to finance the construction of the Upper Kentucky Road Water Extension Project. The note is payable in 10 annual installments beginning in November 2016 with an interest rate of 2.12%. \$ 129,600

In December 2015, the Town entered into a note with a private banking institution for \$39,875 to finance the purchase of a vehicle. The note is payable in 36 monthly installments beginning in January 2016 with an interest rate of 2.731%. 6,861

Total installment debt - General Fund \$ 136,461

Annual debt service payments of the installment purchases as of June 30, 2018 are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 23,061	\$ 2,828
2020	16,200	2,404
2021	16,200	2,061
2022	16,200	1,717
2023	16,200	1,374
2024-2026	48,600	2,061
Total	<u>\$ 136,461</u>	<u>\$ 12,445</u>

# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

In November 2015, the Town entered into a note with a private banking institution for \$138,000 to finance the construction of the Upper Kentucky Road water extension project. The note is payable in 10 annual installments beginning in November 2016 with an interest rate of 2.12%.

\$ 110,400

ARRA principal forgiveness loan for the construction of two water-related projects. The loan has a maximum amount of \$492,995 of which \$246,947 could be debt. The loan is payable in 20 annual installments beginning at the time the project is completed. The H-ARRA-09-1289 and H-ARRA-09-1290A are interest free. The H-LRXF-08-1290A is at a 2.2% interest rate.

352,369

Total installment debt - Water Fund

\$ 462,769

Annual debt service payments of the installment purchases as of June 30, 2018 are as follows:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2019	\$ 41,086	\$ 4,485
2020	41,239	4,040
2021	41,393	3,594
2022	41,549	3,145
2023	41,707	2,695
2024-2028	183,359	6,952
2029-2032	<u>72,436</u>	<u>1,138</u>
Total	<u>\$ 462,769</u>	<u>\$ 26,049</u>

### b. General Obligation Indebtedness

The Town's general obligation bond was issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

The Town's bond payable at June 30, 2018 is as follows:

Water bond, Series A general obligation bond, for \$609,000 was issued on August 22, 1983 to finance the purchase and construction of facilities utilized in the operations of the water system. The bond is due in annual payments, with accelerating principal maturities, plus interest at 5%.

\$ 90,000

Total general obligation debt - Water Fund

\$ 90,000



# TOWN OF MONTREAT, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Annual debt service requirements to maturity for long-term debt are as follows:

<b>Year Ending June 30</b>	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2019	\$ 28,000	\$ 4,500
2020	28,000	3,100
2021	28,000	1,700
2022	6,000	300
2023	-	-
<b>Total</b>	<b>\$ 90,000</b>	<b>\$ 9,600</b>

### c. Changes in Long-Term Liabilities

	<b>July 1, 2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2018</b>	<b>Current Portion</b>
<b>Governmental Activities:</b>					
Installment purchase	\$ 166,138	\$ -	\$ 29,677	\$ 136,461	\$ 23,061
Total pension liability (LEO)	77,602	-	18,070	59,532	-
Net pension liability (LGERS)	200,773	-	59,306	141,467	-
Compensated absences	133,027	54,219	84,980	102,266	10,227
Governmental activity long-term liabilities	<u>\$ 577,540</u>	<u>\$ 54,219</u>	<u>\$ 192,033</u>	<u>\$ 439,726</u>	<u>\$ 33,288</u>
<b>Business-Type Activities:</b>					
Bonds payable	\$ 118,000	\$ -	\$ 28,000	\$ 90,000	\$ 28,000
Installment purchase	518,696	-	55,927	462,769	41,086
Business-type activity long-term liabilities	<u>\$ 636,696</u>	<u>\$ -</u>	<u>\$ 83,927</u>	<u>\$ 552,769</u>	<u>\$ 69,086</u>

At June 30, 2018, the Town had a legal debt margin of \$20,088,319.

### 7. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2018, consist of the following:

<b>From</b>	<b>To</b>	<b>Amount</b>	<b>Purpose</b>
General Fund	Town Hall Capital Project Fund	\$ 225,000	Fund capital project
General Fund	Public Works Building Capital Project Fund	300,000	Fund capital project
		<u>\$ 525,000</u>	

# **TOWN OF MONTREAT, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018**

### **III. Summary of Disclosure of Significant Contingencies**

#### Federal and State-Assisted Programs

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

### **IV. Special Item**

#### Loss on Disposal of Asset

Officials from the Town and its engineering firm approached representatives of the N.C. Department of Transportation and Federal Highway Administration regarding the Texas Road Bridge Project with respect to issues with the build alternative option and decided they were not going to continue with the project. The Town submitted certain documentation to the department and the Town has satisfied the requirements to close the project. The N.C. Department of Transportation approved for the project to be closed and discontinued indefinitely, with no return of the federal funding expenditures. No payable is booked as a result. The loss on disposal of asset is reflected on the government-wide statements as a special item because it is unusual in nature but under the control of management. The construction in progress had a book value of \$170,891.

### **V. Related Party Transactions**

The Town has transactions with a local company that is owned by one of its Director's family member. During fiscal year 2018, the Town was invoiced \$8,714 for services rendered, of which \$585 is outstanding at June 30, 2018.

# **REQUIRED SUPPLEMENTARY INFORMATION**

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**TOWN OF MONTREAT, NORTH CAROLINA**
**SCHEDULES OF CHANGES IN TOTAL PENSION LIABILITY**  
**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE**  
**LAST TWO FISCAL YEARS**

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 77,602	\$ 70,293
Service cost	5,494	5,389
Interest on the total pension liability	2,635	2,509
Differences between expected and actual experience in the measurement of the total pension liability	(15,203)	-
Changes of assumptions or other inputs	7,661	(589)
Benefit payments	<u>(18,657)</u>	<u>-</u>
Ending balance of the total pension liability	<u>\$ 59,532</u>	<u>\$ 77,602</u>

The amounts presented for each fiscal year were determined as of the prior December 31.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF MONTREAT, NORTH CAROLINA**

**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
LAST TWO FISCAL YEARS**

	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 59,532	\$ 77,602
Covered payroll	240,642	227,806
Total pension liability as a percentage of covered payroll	24.74%	34.06%

**Notes to the Schedules:**

The Town of Montreat has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**TOWN OF MONTREAT, NORTH CAROLINA****PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST FIVE FISCAL YEARS \***

<b>LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM</b>					
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Town's proportion of the net pension liability (asset) (%)	0.00926%	0.00946%	0.01067%	0.00934%	0.00133%
Town's proportion of the net pension liability (asset) (\$)	\$ 141,467	\$ 200,773	\$ 47,886	\$ (55,082)	\$ 124,155
Town's covered-employee payroll	\$ 595,751	\$ 623,948	\$ 631,711	\$ 587,628	\$ 614,739
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	23.75%	32.18%	7.58%	( 9.37%)	20.20%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

**TOWN OF MONTREAT, NORTH CAROLINA****CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST FIVE FISCAL YEARS**

<b>LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM</b>					
	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 42,845	\$ 45,161	\$ 43,897	\$ 45,387	\$ 41,947
Contributions in relation to the contractually required contribution	<u>42,845</u>	<u>45,161</u>	<u>43,897</u>	<u>45,387</u>	<u>41,947</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 546,381	\$ 595,751	\$ 623,948	\$ 631,711	\$ 587,628
Contributions as a percentage of covered-employee payroll	7.84%	7.58%	7.04%	7.18%	7.14%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.



# **GENERAL FUND**

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# TOWN OF MONTREAT, NORTH CAROLINA

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes		\$ 1,000,700	
Total	\$ 981,843	1,000,700	\$ 18,857
<b>Other Taxes and Licenses:</b>			
Local option sales taxes		404,640	
Penalties and interest		1,398	
Total	411,600	406,038	(5,562)
<b>Unrestricted Intergovernmental Revenues:</b>			
Utility franchise tax		89,411	
Solid waste disposal tax		529	
Beer and wine tax		3,445	
Total	105,983	93,385	(12,598)
<b>Restricted Intergovernmental Revenues:</b>			
Powell Bill allocation		40,875	
Local grant		6,000	
Total	45,446	46,875	1,429
<b>Permits and Fees:</b>			
Community service fees		51,291	
Building permits		35,026	
Zoning permits		1,685	
Total	93,480	88,002	(5,478)
<b>Sales and Services:</b>			
Public safety charges		1,673	
Sanitation fees		5,109	
Other		12,153	
Total	238,100	18,935	(219,165)
<b>Other:</b>			
Investment earnings		4,395	
Miscellaneous		5,453	
Contributions		2,787	
Total	9,800	12,635	2,835
Total revenues	1,886,252	1,666,570	(219,682)

# TOWN OF MONTREAT, NORTH CAROLINA

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Governing Body:</b>			
Salaries and employee benefits		4,900	
Operating expenses		37,183	
Total	<u>71,900</u>	<u>42,083</u>	<u>29,817</u>
<b>Administration:</b>			
Salaries and employee benefits		156,630	
Operating expenses		146,481	
Total	<u>318,287</u>	<u>303,111</u>	<u>15,176</u>
<b>Public Buildings:</b>			
Operating expenses		18,154	
Total	<u>20,945</u>	<u>18,154</u>	<u>2,791</u>
Total general government	<u>411,132</u>	<u>363,348</u>	<u>47,784</u>
<b>Public Safety:</b>			
<b>Police Department:</b>			
Salaries and employee benefits		238,650	
Operating expenses		81,500	
Capital outlay		38,273	
Total	<u>377,855</u>	<u>358,423</u>	<u>19,432</u>
<b>Planning and Zoning:</b>			
Salaries and employee benefits		4,910	
Operating expenses		34,161	
Total	<u>48,349</u>	<u>39,071</u>	<u>9,278</u>
Total public safety	<u>426,204</u>	<u>397,494</u>	<u>28,710</u>
<b>Transportation:</b>			
<b>Public Works:</b>			
Salaries and employee benefits		65,409	
Operating expenses		4,344	
Capital outlay		27,248	
Total	<u>108,311</u>	<u>97,001</u>	<u>11,310</u>

# TOWN OF MONTREAT, NORTH CAROLINA

## GENERAL FUND

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Street:</b>			
Salaries and employee benefits		139,336	
Operating expenses		153,617	
Total	<u>475,414</u>	<u>292,953</u>	<u>182,461</u>
Total transportation	<u>583,725</u>	<u>389,954</u>	<u>193,771</u>
<b>Environmental Protection:</b>			
<b>Sanitation:</b>			
Salaries and employee benefits		36,378	
Operating expenses		67,984	
Total	<u>110,621</u>	<u>104,362</u>	<u>6,259</u>
Total environmental protection	<u>110,621</u>	<u>104,362</u>	<u>6,259</u>
<b>Cultural and Recreation:</b>			
<b>Recreation Commission:</b>			
Operating expenses		13,490	
Total cultural and recreation	<u>13,540</u>	<u>13,490</u>	<u>50</u>
<b>Debt Service:</b>			
Principal retirement		29,677	
Interest and fees		3,505	
Total debt service	<u>68,748</u>	<u>33,182</u>	<u>35,566</u>
Total expenditures	<u>1,613,970</u>	<u>1,301,830</u>	<u>312,140</u>
Revenues over (under) expenditures	<u>272,282</u>	<u>364,740</u>	<u>92,458</u>
<b>Other Financing Sources (Uses):</b>			
Transfer to other funds	(525,000)	(525,000)	
Fund balance appropriated	<u>252,718</u>	<u>-</u>	
Total other financing sources (uses)	<u>(272,282)</u>	<u>(525,000)</u>	<u>(252,718)</u>
Net change in fund balance	<u>\$ -</u>	<u>(160,260)</u>	<u>\$ (160,260)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>1,923,120</u>	
End of year - June 30		<u>\$ 1,762,860</u>	

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**MAJOR  
CAPITAL PROJECT  
FUNDS**

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## TOWN OF MONTREAT, NORTH CAROLINA

**TOWN HALL MAJOR CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Expenditures:</b>					
Operating expenditures	\$ 300	\$ -	\$ 223	\$ 223	\$ 77
Professional services	85,000	-	16,989	16,989	68,011
Capital outlay	139,700	-	133,448	133,448	6,252
Total expenditures	<u>225,000</u>	<u>-</u>	<u>150,660</u>	<u>150,660</u>	<u>74,340</u>
Revenues over (under) expenditures	(225,000)	-	(150,660)	(150,660)	74,340
<b>Other Financing Sources (Uses):</b>					
Transfer from General Fund	<u>225,000</u>	<u>-</u>	<u>225,000</u>	<u>225,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>74,340</u>	<u>\$ 74,340</u>	<u>\$ 74,340</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 74,340</u>		

## TOWN OF MONTREAT, NORTH CAROLINA

**PUBLIC WORKS MAJOR CAPITAL PROJECT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Expenditures:</b>					
Professional services	\$ 10,000	\$ -	\$ 3,100	\$ 3,100	\$ 6,900
Capital outlay	<u>290,000</u>	<u>-</u>	<u>1,700</u>	<u>1,700</u>	<u>288,300</u>
Total expenditures	<u>300,000</u>	<u>-</u>	<u>4,800</u>	<u>4,800</u>	<u>295,200</u>
Revenues over (under) expenditures	(300,000)	-	(4,800)	(4,800)	295,200
<b>Other Financing Sources (Uses):</b>					
Transfer from General Fund	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>295,200</u>	<u>\$ 295,200</u>	<u>\$ 295,200</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ 295,200</u>		

**NONMAJOR  
GOVERNMENTAL  
FUNDS**

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## TOWN OF MONTREAT, NORTH CAROLINA

## NONMAJOR GOVERNMENTAL FUNDS

## COMBINING BALANCE SHEET

JUNE 30, 2018

	<u>Special Revenue Funds</u>			<u>Capital Project Fund</u>	
	<u>Calvin Trail</u>	<u>Culvert Project</u>	<u>Miscellaneous Projects</u>	<u>Providence Terrace</u>	<u>Total</u>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 10,503	\$ 903	\$ 10,358	\$ 1,895	\$ 23,659
<b>Fund Balances:</b>					
Unassigned	(10,503)	(903)	(10,358)	(1,895)	(23,659)
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ -

## TOWN OF MONTREAT, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2018

	<u>Special Revenue Funds</u>			<u>Capital Project Fund</u>	
	<u>Calvin Trail</u>	<u>Culvert Project</u>	<u>Miscellaneous Projects</u>	<u>Providence Terrace</u>	<u>Total</u>
<b>Expenditures:</b>					
Transportation	\$ 10,503	\$ 903	\$ 10,358	\$ 1,895	23,659
Net change in fund balances	(10,503)	(903)	(10,358)	(1,895)	(23,659)
<b>Fund Balances:</b>					
Beginning of year - July 1	-	-	-	-	-
End of year - June 30	<u>\$ (10,503)</u>	<u>\$ (903)</u>	<u>\$ (10,358)</u>	<u>\$ (1,895)</u>	<u>\$ (23,659)</u>

## TOWN OF MONTREAT, NORTH CAROLINA

**CAPITAL PROJECT FUND - PROVIDENCE TERRACE**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>					
Restricted intergovernmental	\$ 21,000	\$ -	\$ -	\$ -	\$ (21,000)
<b>Expenditures:</b>					
Capital outlay	21,000	-	1,895	1,895	19,105
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(1,895)	<u>\$ (1,895)</u>	<u>\$ (1,895)</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ (1,895)</u>		

**TOWN OF MONTREAT, NORTH CAROLINA**

**SPECIAL REVENUE FUND - CALVIN TRAIL**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 30,000	\$ -	\$ (30,000)
<b>Expenditures:</b>			
Transportation	30,000	10,503	19,497
Net change in fund balance	\$ -	(10,503)	\$ (10,503)
<b>Fund Balance:</b>			
Beginning of year - July 1		-	
End of year - June 30		<u>\$ (10,503)</u>	



**TOWN OF MONTREAT, NORTH CAROLINA**

**SPECIAL REVENUE FUND - CULVERT PROJECT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 39,800	\$ -	\$ (39,800)
<b>Expenditures:</b>			
Transportation	39,800	903	38,897
Net change in fund balance	\$ -	(903)	\$ (903)
<b>Fund Balance:</b>			
Beginning of year - July 1		-	
End of year - June 30		\$ (903)	

**TOWN OF MONTREAT, NORTH CAROLINA**

**SPECIAL REVENUE FUND - MISCELLANEOUS PROJECTS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 15,360	\$ -	\$ (15,360)
<b>Expenditures:</b>			
Transportation	15,360	10,358	5,002
Net change in fund balance	\$ -	(10,358)	\$ (10,358)
<b>Fund Balance:</b>			
Beginning of year - July 1		-	
End of year - June 30		\$ (10,358)	

# **ENTERPRISE FUND**

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## TOWN OF MONTREAT, NORTH CAROLINA

**ENTERPRISE FUND - WATER FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services	\$ 317,500	\$ 285,901	\$ (31,599)
Other	50,910	47,850	(3,060)
Total operating revenues	<u>368,410</u>	<u>333,751</u>	<u>(34,659)</u>
Non-operating revenues:			
Investment earnings	193	284	91
Sales of capital assets	-	3,602	3,602
Total non-operating revenues	<u>193</u>	<u>3,886</u>	<u>3,693</u>
Total revenues	<u>368,603</u>	<u>337,637</u>	<u>(30,966)</u>
<b>Expenditures:</b>			
Operating expenditures:			
Repairs and maintenance		34,305	
Operating expenditures		<u>148,052</u>	
Total operating expenditures	<u>281,392</u>	<u>182,357</u>	<u>99,035</u>
<b>Debt Service:</b>			
Interest and fees		11,084	
Principal retirement		<u>83,927</u>	
Total debt service	<u>87,211</u>	<u>95,011</u>	<u>(7,800)</u>
Total expenditures	<u>368,603</u>	<u>277,368</u>	<u>91,235</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 60,269</u>	<u>\$ 60,269</u>
<b>Reconciliation from Modified Accrual Basis to Full Accrual Basis:</b>			
Revenues over (under) expenditures		\$ 60,269	
Reconciling items:			
Payment of debt principal		83,927	
Change in accrued interest payable		(1,042)	
Depreciation		<u>(77,464)</u>	
Change in net position		<u>\$ 65,690</u>	

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# **AGENCY FUNDS**

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**TOWN OF MONTREAT, NORTH CAROLINA****AGENCY FUNDS****COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2018</b>
<b>Metropolitan Sewer District:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ 31,380	\$ 10,919	\$ 20,461
Receivables	-	302,948	270,951	31,997
Total assets	<u>\$ -</u>	<u>\$ 334,328</u>	<u>\$ 281,870</u>	<u>\$ 52,458</u>
<b>Liabilities:</b>				
Accounts payable	<u>\$ -</u>	<u>\$ 334,328</u>	<u>\$ 281,870</u>	<u>\$ 52,458</u>

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## **SUPPLEMENTAL FINANCIAL DATA**

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## TOWN OF MONTREAT, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2018

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2017</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2018</u>
2017-2018	\$ -	\$ 1,036,520	\$ 1,036,520	\$ -
2016-2017	-	-	-	-
2015-2016	-	-	-	-
2014-2015	-	-	-	-
2013-2014	-	-	-	-
2012-2013	1	-	-	1
2011-2012	-	-	-	-
2010-2011	-	-	-	-
2009-2010	-	-	-	-
2008-2009	-	-	-	-
Total	<u>\$ 1</u>	<u>\$ 1,036,520</u>	<u>\$ 1,036,520</u>	<u>1</u>

Ad valorem taxes receivable - net \$ 1

**Reconciliation with Revenues:**

Ad valorem taxes	\$ 1,000,700
Ad valorem taxes - special assessment	33,073
Interest and penalties	1,398
Miscellaneous	<u>1,349</u>
Total collections and credit	<u>\$ 1,036,520</u>

**TOWN OF MONTREAT, NORTH CAROLINA**
**ANALYSIS OF CURRENT YEAR LEVY**  
**TOWN-WIDE LEVY**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Town-Wide</b>			<b>Total Levy</b>	
	<b>Property Valuation</b>	<b>Rate</b>	<b>Amount of Levy</b>	<b>Property Excluding Registered Motor Vehicles</b>	<b>Registered Motor Vehicles</b>
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 244,740,488	\$ 0.41	\$ 1,003,436	\$ 983,831	\$ 19,605
Special assessment	8,066,585	0.41	33,073	33,073	-
Penalties	2,683	0.41	11	11	-
Total	<u>252,809,756</u>		<u>1,036,520</u>	<u>1,016,915</u>	<u>19,605</u>
Total property valuation	<u>\$ 252,809,756</u>				
<b>Net Levy</b>			1,036,520	1,016,915	19,605
Uncollected taxes as of June 30, 2018			<u>-</u>	<u>-</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 1,036,520</u>	<u>\$ 1,016,915</u>	<u>\$ 19,605</u>
<b>Current Levy Collection Percentage</b>			<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

# **STATISTICAL SECTION**

**Town of Montreat**  
**Net Position by Activity**  
**Governmental and Business-Type Functions**

	FYE 2018	FYE 2017	FYE 2016	FYE 2015
Governmental Activities				
Net Position:				
Net Investment in				
Capital Assets	\$ 3,695,360	\$ 3,749,519	\$ 3,707,773	\$ 3,731,572
Restricted	390,961	330,586	294,400	267,742
Unrestricted	1,526,914	1,353,386	1,267,022	910,515
Subtotal, Governmental Net Position	<u>\$ 5,613,235</u>	<u>\$ 5,433,491</u>	<u>\$ 5,269,195</u>	<u>\$ 4,909,829</u>
Business Type Activities				
Net Position:				
Net Investment in				
Capital Assets	\$ 1,038,682	\$ 1,032,219	\$ 1,020,541	\$ 1,180,864
Restricted	-	-	-	-
Unrestricted	881,868	822,641	754,721	391,634
Subtotal, Business Type Net Position	<u>\$ 1,920,550</u>	<u>\$ 1,854,860</u>	<u>\$ 1,775,262</u>	<u>\$ 1,572,498</u>
Total Primary Government				
Net Position:				
Net Investment in				
Capital Assets	\$ 4,734,042	\$ 4,781,738	\$ 4,728,314	\$ 4,912,436
Restricted	390,961	330,586	294,400	267,742
Unrestricted	2,408,782	2,176,027	2,021,743	1,302,149
Total Net Position	<u><u>\$ 7,533,785</u></u>	<u><u>\$ 7,288,351</u></u>	<u><u>\$ 7,044,457</u></u>	<u><u>\$ 6,482,327</u></u>



**Table 1**

FYE 2014	FYE 2013	FYE 2012	FYE 2011	FYE 2010	FYE 2009
\$ 3,394,389	\$ 2,794,719	\$ 1,887,129	\$ 1,144,711	\$ 878,624	\$ 676,603
255,216	249,671	269,501	283,792	180,577	192,666
1,016,240	990,917	1,132,305	1,332,931	1,470,348	1,450,376
\$ 4,665,845	\$ 4,035,307	\$ 3,288,935	\$ 2,761,434	\$ 2,529,549	\$ 2,319,645
\$ 1,036,410	\$ 982,912	\$ 959,327	\$ 1,089,073	\$ 772,709	\$ 575,217
-	-	-	-	-	-
597,996	595,469	866,473	583,502	505,627	531,157
\$ 1,634,406	\$ 1,578,381	\$ 1,825,800	\$ 1,672,575	\$ 1,278,336	\$ 1,106,374
\$ 4,430,799	\$ 3,777,631	\$ 2,846,456	\$ 2,233,784	\$ 1,651,333	\$ 1,251,820
255,216	249,671	269,501	283,792	180,577	192,666
1,614,236	1,586,386	1,998,778	1,916,433	1,975,975	1,981,533
\$ 6,300,251	\$ 5,613,688	\$ 5,114,735	\$ 4,434,009	\$ 3,807,885	\$ 3,426,019

**Town of Montreat**  
**Change in Net Position**  
**Governmental Functions**

	FYE 2018	FYE 2017	FYE 2016	FYE 2015
Revenues:				
Program Revenues:				
Charges for Services:				
General Government	\$ 88,002	\$ 89,095	\$ 86,153	\$ 79,484
Public Safety	1,673	3,371	3,371	3,090
Environmental Protection	5,109	6,521	14,472	447
Total Charges for Services	<u>\$ 94,784</u>	<u>\$ 98,987</u>	<u>\$ 103,996</u>	<u>\$ 83,021</u>
Operating Grants and Contributions	152,413	147,450	164,985	135,379
Capital Grants and Contributions	2,787	3,694	155,346	36,977
General Revenues:				
Taxes:				
Property Taxes	1,000,700	974,695	962,972	968,042
Other Taxes & Licenses	406,038	402,651	390,699	356,952
Grants & Contributions, non-program	-	-	-	-
Investment earnings, unrestricted	4,395	3,643	1,709	1,073
Miscellaneous	5,453	6,115	2,116	10,362
Total Revenues	<u>\$ 1,666,570</u>	<u>\$ 1,637,235</u>	<u>\$ 1,781,823</u>	<u>\$ 1,591,806</u>
Expenses:				
General Government	337,182	\$ 604,294	\$ 479,543	\$ 551,016
Public Safety	358,436	439,093	450,926	415,119
Transportation	473,469	380,618	362,962	107,255
Environmental Protection	117,305	96,173	12,343	1,587
Cultural & Recreation	26,265	20,419	116,083	109,206
Interest on Long Term Debt	3,278	6,221	600	-
Total Expenses	<u>\$ 1,315,935</u>	<u>\$ 1,546,818</u>	<u>\$ 1,422,457</u>	<u>\$ 1,184,183</u>
Increase/(decrease) in net position				
before transfers and special item	\$ 350,635	\$ 90,417	\$ 359,366	\$ 407,623
Special item: loss on disposal of asset	(170,891)	-	-	-
Transfers	-	-	-	-
Increase/(decrease) in net position	<u>\$ 179,744</u>	<u>\$ 90,417</u>	<u>\$ 359,366</u>	<u>\$ 407,623</u>

**Table 2**

FYE 2014	FYE 2013	FYE 2012	FYE 2011	FYE 2010	FYE 2009
\$ 102,254	\$ 94,897	\$ -	\$ -	\$ 1,390	\$ -
3,846	3,396	39,701	47,610	41,793	49,806
388	325	494	473	498	41,278
<hr/>					
\$ 106,488	\$ 98,618	\$ 40,195	\$ 48,083	\$ 43,681	\$ 91,084
108,380	105,034	134,045	132,343	139,196	48,276
360,088	584,932	385,151	5,550	60,272	12,800
970,716	892,839	886,345	873,863	875,331	868,213
332,403	313,951	307,211	280,616	277,467	300,486
-	-	-	-	-	146,242
1,629	1,850	5,915	7,921	14,591	21,996
194	20	15,931	1,134	1,891	7,628
<hr/>					
\$ 1,879,898	\$ 1,997,244	\$ 1,774,793	\$ 1,349,510	\$ 1,412,429	\$ 1,496,725
\$ 347,272	\$ 403,785	\$ 411,493	\$ 348,601	\$ 400,771	\$ 372,544
418,288	417,698	450,064	418,103	398,889	400,467
214,513	137,836	338,622	317,661	374,792	333,633
162,683	203,889	17,779	27,743	63,120	105,353
60,993	102,532	96,161	90,850	54,052	2,340
-	-	-	467	2,201	2,266
<hr/>					
\$ 1,203,749	\$ 1,265,740	\$ 1,314,119	\$ 1,203,425	\$ 1,293,825	\$ 1,216,603
\$ 676,149	\$ 731,504	\$ 460,674	\$ 146,085	\$ 118,604	\$ 280,122
-	-	-	-	-	-
(45,614)	14,868	66,827	85,800	91,300	87,600
<hr/>					
\$ 630,535	\$ 746,372	\$ 527,501	\$ 231,885	\$ 209,904	\$ 367,722
<hr/>					

**Town of Montreat**  
**Change in Net Position**  
**Business-Type Functions**

	FYE 2018	FYE 2017	FYE 2016	FYE 2015
Revenues:				
Program Revenues:				
Charges for Services:				
Water	\$ 333,751	\$ 351,697	\$ 450,882	\$ 320,392
Capital Grants and Contributions	-	-	-	-
General Revenues:				
Investment earnings, unrestricted	284	244	152	75
Miscellaneous	3,602	-	-	-
	<hr/>			
Total Revenues	\$ 337,637	\$ 351,941	\$ 451,034	\$ 320,467
Expenses:				
Water	\$ 271,947	\$ 272,343	\$ 251,345	\$ 382,375
	<hr/>			
Total Expenses	\$ 271,947	\$ 272,343	\$ 251,345	\$ 382,375
Increase/(decrease) in net position before transfers	\$ 65,690	\$ 79,598	\$ 199,689	\$ (61,908)
Transfers & Other Financing Sources	-	-	3,075	-
	<hr/>			
Increase/(decrease) in net position	\$ 65,690	\$ 79,598	\$ 202,764	\$ (61,908)
	<hr/>			

**Table 3**

FYE 2014	FYE 2013	FYE 2012	FYE 2011	FYE 2010	FYE 2009
\$ 346,006	\$ 281,712	\$ 270,153	\$ 348,989	\$ 289,188	\$ 288,512
-	-	-	281,797	158,309	-
102	231	1,324	1,081	1,128	2,916
-	-	-	-	-	8,213
<hr/>					
\$ 346,108	\$ 281,943	\$ 271,477	\$ 631,867	\$ 448,625	\$ 299,641
<hr/>					
\$ 335,697	\$ 171,006	\$ 223,169	\$ 151,828	\$ 185,363	\$ 164,352
<hr/>					
\$ 335,697	\$ 171,006	\$ 223,169	\$ 151,828	\$ 185,363	\$ 164,352
<hr/>					
\$ 10,411	\$ 110,937	\$ 48,308	\$ 480,039	\$ 263,262	\$ 135,289
45,614	(14,868)	(66,827)	(85,800)	(91,300)	(87,600)
<hr/>					
\$ 56,025	\$ 96,069	\$ (18,519)	\$ 394,239	\$ 171,962	\$ 47,689
<hr/>					

**Town of Montreat**  
**Change in Net Position**  
**Total Primary Government**

	FYE 2018	FYE 2017	FYE 2016	FYE 2015
Revenues:				
Program Revenues:				
Charges for Services:				
General Government	\$ 88,002	\$ 89,095	\$ 86,153	\$ 79,484
Public Safety	1,673	3,371	3,371	3,090
Environmental Protection	5,109	6,521	14,472	447
Water	333,751	351,697	450,882	320,392
Operating Grants and Contributions	152,413	147,450	164,985	135,379
Capital Grants and Contributions	2,787	3,694	155,346	36,977
General Revenues:				
Taxes:				
Property Taxes	1,000,700	974,695	962,972	968,042
Other Taxes & Licenses	406,038	402,651	390,699	356,952
Grants & Contributions, non-program	-	-	-	-
Investment earnings, unrestricted	4,679	3,887	1,861	1,148
Miscellaneous	9,055	6,115	2,116	10,362
	<hr/>			
Total Revenues	\$ 2,004,207	\$ 1,989,176	\$ 2,232,857	\$ 1,912,273
Expenses:				
General Government	\$ 337,182	\$ 604,294	\$ 479,543	\$ 551,016
Public Safety	358,436	439,093	450,926	415,119
Transportation	473,469	380,618	362,962	107,255
Environmental Protection	117,305	96,173	12,343	1,587
Cultural & Recreation	26,265	20,419	116,083	109,206
Interest on Long Term Debt	3,278	6,221	600	-
Water	271,947	272,343	251,345	382,375
	<hr/>			
Total Expenses	\$ 1,587,882	\$ 1,819,161	\$ 1,673,802	\$ 1,566,558
Increase/(decrease) in net position				
before transfers and special item	\$ 416,325	\$ 170,015	\$ 559,055	\$ 345,715
Special item: loss on disposal of asset	(170,891)	-	-	-
Transfers	-	-	3,075	-
	<hr/>			
Increase/(decrease) in net position	\$ 245,434	\$ 170,015	\$ 562,130	\$ 345,715
	<hr/>			

Table 4

FYE 2014	FYE 2013	FYE 2012	FYE 2011	FYE 2010	FYE 2009
\$ 102,254	\$ 94,897	\$ -	\$ -	\$ 1,390	\$ -
3,846	3,396	39,701	47,610	41,793	49,806
388	325	494	473	498	41,278
346,006	281,712	270,153	348,989	289,188	288,512
108,380	105,034	134,045	132,343	139,196	48,276
360,088	584,932	385,151	287,347	218,581	12,800
970,716	892,839	886,345	873,863	875,331	868,213
332,403	313,951	307,211	280,616	277,467	300,486
-	-	-	-	-	146,242
1,731	2,081	7,239	9,002	15,719	24,912
194	20	15,931	1,134	1,891	15,841
<hr/>					
\$ 2,226,006	\$ 2,279,187	\$ 2,046,270	\$ 1,981,377	\$ 1,861,054	\$ 1,796,366
\$ 347,272	\$ 403,785	\$ 411,493	\$ 348,601	\$ 400,771	\$ 372,544
418,288	417,698	450,064	418,103	398,889	400,467
214,513	137,836	338,622	317,661	374,792	333,633
162,683	203,889	17,779	27,743	63,120	105,353
60,993	102,532	96,161	90,850	54,052	2,340
-	-	-	467	2,201	2,266
335,697	171,006	223,169	151,828	185,363	164,352
<hr/>					
\$ 1,539,446	\$ 1,436,746	\$ 1,537,288	\$ 1,355,253	\$ 1,479,188	\$ 1,380,955
\$ 686,560	\$ 842,441	\$ 508,982	\$ 626,124	\$ 381,866	\$ 415,411
-	-	-	-	-	-
-	-	-	-	-	-
<hr/>					
\$ 686,560	\$ 842,441	\$ 508,982	\$ 626,124	\$ 381,866	\$ 415,411
<hr/>					

**Town of Montreat**  
**Fund Balances/Net Position**  
**All Funds**

	FYE 2018	FYE 2017	FYE 2016	FYE 2015
Governmental Activities				
Nonspendable	\$ 2,688	\$ 10,767	\$ 15,394	\$ 9,986
Restricted	390,961	330,586	294,400	267,742
Committed	389,655	34,983	34,932	34,710
Assigned (Designated pre-2011)	32,876	182,297	177,192	382,322
Unassigned	1,292,561	1,364,487	1,309,516	762,256
Total General Fund Balance	2,108,741	1,923,120	1,831,434	1,457,016
Reconcile to Net Position	3,504,494	3,510,371	3,437,761	3,452,813
Governmental Net Position	<u>\$ 5,613,235</u>	<u>\$ 5,433,491</u>	<u>\$ 5,269,195</u>	<u>\$ 4,909,829</u>
Business-Type Activities				
Unrestricted	\$ 881,868	\$ 822,641	\$ 754,721	\$ 391,634
Total Water Fund Balance	881,868	822,641	754,721	391,634
Net investment in capital assets	1,038,682	1,032,219	1,020,541	1,180,864
Business-Type Net Position	<u>\$ 1,920,550</u>	<u>\$ 1,854,860</u>	<u>\$ 1,775,262</u>	<u>\$ 1,572,498</u>



Table 5

FYE 2014	FYE 2013	FYE 2012	FYE 2011	FYE 2010	FYE 2009
\$ 4,872	\$ -	\$ -	\$ 9,300	\$ -	\$ -
255,216	249,671	269,501	283,792	280,575	312,119
30,193	26,854	52,675	24,005	-	-
419,290	54,177	53,923	683,744	717,435	667,435
697,978	1,115,891	1,222,858	810,104	834,992	820,455
1,407,549	1,446,593	1,598,957	1,810,945	1,833,002	1,800,009
3,258,293	2,588,714	1,689,978	950,489	696,547	519,636
\$ 4,665,842	\$ 4,035,307	\$ 3,288,935	\$ 2,761,434	\$ 2,529,549	\$ 2,319,645
\$ 597,996	\$ 595,469	\$ 522,985	\$ 583,502	\$ 505,627	\$ 531,157
597,996	595,469	522,985	583,502	505,627	531,157
1,036,410	982,912	959,327	1,089,073	772,709	575,217
\$ 1,634,406	\$ 1,578,381	\$ 1,482,312	\$ 1,672,575	\$ 1,278,336	\$ 1,106,374

**Town of Montreat**  
**Changes in Fund Balance**  
**General Fund**

	FYE 2018	FYE 2017	FYE 2016	FYE 2015
<b>Revenues</b>				
Ad valorem taxes	\$ 1,000,700	\$ 974,703	\$ 966,124	\$ 968,685
Other taxes and licenses	406,038	402,651	390,699	356,952
Unrestricted intergovernmental revenues	93,385	94,995	98,336	86,869
Restricted intergovernmental revenues	46,875	47,438	205,259	76,307
Permits and fees	88,002	89,095	86,153	79,467
Sales and services	18,935	14,909	29,879	12,158
Investment earnings	4,395	3,643	1,709	1,073
Miscellaneous	8,240	9,809	6,816	10,939
Total revenues	1,666,570	1,637,243	1,784,975	1,592,450
<b>Expenditures</b>				
General government	363,348	409,101	479,832	560,520
Public Safety	397,494	449,767	434,507	432,969
Transportation	389,954	486,518	576,811	452,875
Environmental protection	104,362	158,977	103,308	96,431
Cultural and recreation	13,490	7,644	10,945	188
Debt Service:				
Principal	29,677	29,308	6,429	-
Interest	3,505	4,242	600	-
Total expenditures	1,301,830	1,545,557	1,612,432	1,542,983
<b>Other Financing Sources (Uses)</b>				
Transfers from Enterprise Fund	-	-	-	-
Transfers to Enterprise Fund	-	-	-	-
Transfers to Capital Project Funds	(525,000)	-	-	-
Debt/Installment purchase obligations issued		-	201,875	-
Total other financing uses	(525,000)	-	201,875	-
<b>Net Change in Fund Balance</b>	(160,260)	91,686	374,418	49,467
Prior Period Adjustment	-	-	-	-
<b>Fund Balance:</b>				
Beginning of Year - July 1	1,923,120	1,831,434	1,457,016	1,407,549
End of Year - June 30	\$ 1,762,860	\$ 1,923,120	\$ 1,831,434	\$ 1,457,016

Table 6

FYE 2014	FYE 2013	FYE 2012	FYE 2011	FYE 2010	FYE 2009
\$ 973,858	\$ 895,333	\$ 879,659	\$ 873,310	\$ 877,564	\$ 865,993
332,403	313,951	307,211	280,616	277,467	298,781
59,392	41,756	55,856	56,934	60,802	71,242
300,024	97,902	49,160	37,609	45,907	60,945
102,255	94,898	36,003	35,626	39,412	39,884
13,784	28,129	43,518	50,257	45,028	52,685
1,629	1,850	5,915	7,921	14,591	22,347
1,396	2,020	21,772	7,592	53,891	7,628
1,784,741	1,475,839	1,399,094	1,349,865	1,414,662	1,419,505
652,473	393,828	391,258	343,836	379,835	390,142
390,135	468,435	424,235	391,460	393,707	397,414
478,599	477,526	750,075	603,850	535,851	367,653
95,994	101,260	96,161	90,044	89,127	90,520
160,970	202,022	16,177	12,910	48,287	9,300
-	-	-	15,156	23,961	24,854
-	-	-	466	2,201	2,266
1,778,171	1,643,071	1,677,906	1,457,722	1,472,969	1,282,149
-	66,000	82,100	85,800	91,300	87,600
(45,614)	(51,132)	(15,273)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(45,614)	14,868	66,827	85,800	91,300	87,600
(39,044)	(152,364)	(211,985)	(22,057)	32,993	224,956
-	-	(3)	-	-	-
1,446,593	1,598,957	1,810,945	1,833,002	1,800,009	1,575,053
\$ 1,407,549	\$ 1,446,593	\$ 1,598,957	\$ 1,810,945	\$ 1,833,002	\$ 1,800,009

Town of Montreat  
General Governmental Expenditure by Function  
(GAAP basis, Table 2)

Table 7

Fiscal Year Ended June 30	General Government	Public Safety	Transportation	Environmental Protection	Cultural & Recreation	Interest on Long-Term Debt	Total
2018	\$ 337,182	\$ 358,436	\$ 473,469	\$ 117,305	\$ 26,265	\$ 3,278	\$ 1,315,935
2017	604,294	439,093	380,618	96,173	20,419	6,221	1,546,818
2016	479,543	450,926	362,962	12,343	116,083	600	1,422,457
2015	551,016	415,119	107,255	1,587	109,206	-	1,184,183
2014	347,272	418,288	214,513	162,683	60,993	-	1,203,749
2013	403,785	417,698	137,836	203,889	102,532	-	1,265,740
2012	411,493	450,064	338,622	17,779	96,161	-	1,314,119
2011	348,601	418,103	317,661	27,743	90,850	467	1,203,425
2010	400,771	398,889	374,792	63,120	54,052	2,201	1,293,825
2009	372,544	400,467	333,633	105,353	2,340	2,266	1,216,603

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**Town of Montreat**  
**General Governmental Revenue by Source**  
**(GAAP basis, Table 2)**

<b>Fiscal Year Ended June 30</b>	<b>Ad Valorem Taxes</b>	<b>Other Taxes &amp; Licenses</b>	<b>Charges for Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>
<b>2018</b>	\$ 1,000,700	\$ 406,038	\$ 94,784	\$ 152,413	\$ 2,787
2017	974,695	402,651	98,987	147,450	3,694
2016	962,972	390,699	103,996	164,985	155,346
2015	968,042	356,952	83,021	135,379	36,977
2014	970,716	332,403	106,488	108,380	360,088
2013	892,839	313,951	98,618	105,034	584,932
2012	886,345	307,211	40,195	134,045	385,151
2011	873,863	280,616	48,083	132,343	5,550
2010	875,331	277,467	43,681	139,196	60,272
2009	868,213	300,486	91,084	48,276	12,800

**Table 8**

<b>Non-Program Grants &amp; Contributions</b>	<b>Investment Earnings</b>	<b>Miscellaneous</b>	<b>Total</b>
\$ -	\$ 4,395	\$ 5,453	\$ 1,666,570
-	3,643	6,115	1,637,235
-	1,709	2,116	1,781,823
-	1,073	10,362	1,591,806
-	1,629	194	1,879,898
-	1,850	20	1,997,244
-	5,915	15,931	1,774,793
-	7,921	1,134	1,349,510
-	14,591	1,891	1,412,429
146,242	21,996	7,628	1,496,725

**Town of Montreat**  
**Property Tax Levies & Collections - General Fund**

**Table 9**

<b>Fiscal Year Ended June 30</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections, Credits &amp; Write- offs</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Tax Levy</b>	<b>Total Direct Tax Rate</b>
<b>2018</b>	\$ 1,036,520	\$ 1,036,520	100.00%	\$ -	\$ 1,036,520	100.00%	0.41
2017	1,007,190	1,007,190	100.00%	-	1,007,190	100.00%	0.41
2016	961,948	961,941	100.00%	3,159	965,100	100.33%	0.41
2015	963,203	961,143	99.79%	2,703	963,846	100.07%	0.41
2014	972,675	969,735	99.70%	6,083	975,818	100.32%	0.41
2013	905,262	898,808	99.29%	2,262	901,070	99.54%	0.37
2012	905,282	896,135	98.99%	2,461	898,596	99.26%	0.37
2011	875,507	874,635	99.90%	319	874,954	99.94%	0.37
2010	872,786	871,997	99.91%	(38,433)	833,564	95.51%	0.37
2009	867,101	863,797	99.62%	234	864,031	99.65%	0.37

Note: Ratio of Total Collections to Levy sometimes exceeds 100% due to receipt of delinquent prior year taxes.



**Town of Montreat**  
**Assessed Value of Taxable Property**

**Table 10**

<b>Fiscal Year Ended June 30</b>	<b>TR-2 Calendar Tax Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Company Property</b>	<b>Total Assessed Value</b>
<b>2018</b>	<b>2017</b>	\$ 250,837,992	\$ 700,059	\$ 1,271,705	\$ 252,809,756
2017	2016	243,527,907	815,827	1,312,364	245,656,098
2016	2015	232,735,307	877,970	1,008,186	234,621,463
2015	2014	230,269,600	1,289,222	939,831	232,498,653
2014	2013	230,421,550	1,082,225	932,493	232,436,268
2013	2012	236,135,700	898,184	955,716	237,989,600
2012	2011	233,103,700	689,425	982,902	234,776,027
2011	2010	231,794,950	621,110	1,009,996	233,426,056
2010	2009	230,968,650	698,437	977,045	232,644,132
2009	2008	228,962,700	776,315	854,451	230,593,466

**Town of Montreat**

**Table 11**

**Property Tax Rates - Town of Montreat and Overlapping Jurisdictions  
(Per \$100.00 of Assessed Value)**

<b>Fiscal Year Ended</b>	<b>Black Mountain</b>			<b>Total Tax Rate</b>
<b>June 30</b>	<b>Town of Montreat</b>	<b>Fire District</b>	<b>Buncombe County</b>	
<b>2018</b>	0.4100	0.1200	0.5290	1.0590
2017	0.4100	0.0990	0.6040	1.1130
2016	0.4100	0.0990	0.6040	1.1130
2015	0.4100	0.0990	0.6040	1.1130
2014	0.4100	0.0990	0.6040	1.1130
2013	0.3700	0.0900	0.5250	0.9850
2012	0.3700	0.0900	0.5250	0.9850
2011	0.3700	0.0900	0.5250	0.9850
2010	0.3700	0.0900	0.5250	0.9850
2009	0.3700	0.0900	0.5250	0.9850

Source: Buncombe County Tax Department

**Ratio of Net General Obligation Bonded Debt to Assessed Value and  
Net General Obligation Bonded Debt per Capita**

<b>Fiscal Year Ended June 30</b>	<b>Assessed Value</b>	<b>General Obligation Bonded Debt</b>	<b>Ratio of Net General Obligation Bonded Debt to Assessed Value</b>	<b>Population</b>	<b>Net General Obligation Bonded Debt per Capita</b>
<b>2018</b>	\$ 252,809,756	\$ -	0.00%	868	0.00%
2017	245,656,098	-	0.00%	798	0.00%
2016	234,621,463	-	0.00%	792	0.00%
2015	232,498,653	-	0.00%	728	0.00%
2014	232,436,268	-	0.00%	704	0.00%
2013	237,989,600	-	0.00%	690	0.00%
2012	234,776,027	-	0.00%	688	0.00%
2011	233,426,056	-	0.00%	723	0.00%
2010	232,644,132	-	0.00%	701	0.00%
2009	230,593,466	-	0.00%	714	0.00%

**Town of Montreat**  
**Computation of Legal Debt Margin**  
**June 30, 2018**

**Table 13**

Assessed value of taxable property	\$ 252,809,756
times	0.08
Debt limit (8% of assessed value)	<u>20,224,780</u>
Gross debt:	
Bonds Payable	90,000
Authorized & unissued bonds	-
Installment Purchase	<u>599,230</u>
Gross Debt	<u>689,230</u>
Less: Water Fund debts	<u>552,769</u>
Total amount of debt applicable to debt limit	<u>136,461</u>
Legal debt margin	<u><u>\$ 20,088,319</u></u>

Note: Bonds Payable are Water Fund, not General Obligation

**Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt  
to Total General Governmental Expenditures**

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio, Debt Service to Total General Governmental Expenditures</b>
<b>2018</b>	\$ -	\$ -	\$ -	\$ 1,315,935	0.00%
2017	-	-	-	1,546,818	0.00%
2016	-	-	-	1,422,457	0.00%
2015	-	-	-	1,184,183	0.00%
2014	-	-	-	1,203,749	0.00%
2013	-	-	-	1,265,740	0.00%
2012	-	-	-	1,314,119	0.00%
2011	-	-	-	1,203,425	0.00%
2010	-	-	-	1,293,825	0.00%
2009	-	-	-	1,216,603	0.00%

Note: The Town of Montreat has no General Obligation Bonded Debt at present.

Fiscal Year Ended	Population	Per Capita Income	Median Age	School Enrollment	Unemployment Rate % (June)*
June 30					
2018	868	N/A	N/A	18	3.5
2017	798	N/A	N/A	6	3.9
2016	792	N/A	N/A	6	4.1
2015	728	N/A	N/A	6	5.0
2014	704	N/A	N/A	6	5.3
2013	690	\$ 20,075	24.3	6	6.7
2012	688	N/A	N/A	10	9.4
2011	723	N/A	24.2	N/A	10.6
2010	701	N/A	N/A	N/A	10.8
2009	714	N/A	N/A	N/A	10.6

N/A = Data not available

\* Unemployment rate data is for all of Buncombe County, Montreat-only data not available.

Source: NC Office of State Budget and Management, State Data Center,  
Buncombe County Schools, Employment Security Commission

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**Town of Montreat  
Ten Largest Taxpayers  
June 30, 2018**

2018			
<b>Taxpayer</b>	<b>Classification</b>	<b>2017 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Mountain Retreat Center	Institutional	****	****
NEALE, HENRY W & MARGARET C	Residential	1,772,800	0.70%
SCHEU, WILLIAM E	Residential	1,169,700	0.46%
CLARK, JACQUELINE F	Residential	1,168,200	0.46%
SLOOP GROUP, LLC	Residential	1,087,600	0.43%
HANNAH, WALTER W	Residential	979,000	0.39%
MCCASKILL, WM C	Residential	974,630	0.39%
SHORTRIDGE, KENNETH W JR	Residential	924,700	0.37%
TOPPLE, STANLEY C	Residential	846,500	0.33%
BURRISS, FRANCIS M	Residential	792,950	0.31%

\*\*\*\* Mountain Retreat Association holds the largest assessed valuation of property, but is a tax exempt entity and, thus, is not one of the largest taxpayers.

\* Note: Comparative data from ten years ago not available

Source: Buncombe County Tax Department.



Table 16

2017		
Classification	2016 Assessed Valuation	Percentage of Total Assessed Valuation
Institutional	****	****
Residential	1,367,200	0.58%
Residential	1,306,600	0.56%
Residential	834,500	0.36%
Residential	1,377,800	0.59%

**Town of Montreat  
Largest Employers  
June 30, 2018**

**Table 17**

Montreat is a predominantly residential community. There are only two major employers, the Town of Montreat, and a few smaller organizations. The following is the data that is available:

<b>Year</b>	<b>Montreat College</b>	<b>Montreat Conference Center</b>	<b>Town of Montreat</b>	<b>Total</b>
<b>2018</b>	128	87	13	228
2017	127	60	14	201
2016	125	60	14	199
2015	127	60	13	200
2014	187	60	14	261
2013	194	70	14	278
2012	149	70	14	233
2011	202	70	14	286
2010	233	70	15	318
2009	221	70	15	306

Source: Montreat College, Montreat Conference Center

**Town of Montreat**  
**Miscellaneous Statistics**  
**June 30, 2018**

**Table 18**

Date of establishment	1967
Form of Government	Mayor-Council
Employees	
Full-time permanent	13
Vacancies	0
Other (Police Reserve)	3
Area	2.78 sq. miles
Town Facilities & Services	
Miles of Streets	15.6
Number of Street Lights	0
Police Protection:	
Number of full-time officers	5
Number of reserve officers	3
Inspections:	
Building permits issued	87
Water Service:	
Number of customers	679
Average daily consumption	91,400 gal
Miles of water mains	18
Number of wells	11
Facilities and Services provided by other entities:	
Fire Protection:	
Provided by Black Mountain/East Buncombe Fire District	
Education:	
Public K-12 school system operated by	
Buncombe County Schools	
Cultural and Recreational:	
All recreational facilities owned and operated by	
Montreat Conference Center	
Sewers:	
Sanitary sewer system operated by the	
Municipal Sewer District of Buncombe County	

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# **COMPLIANCE SECTION**

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

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

## **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**

### **Independent Auditor's Report**

To The Honorable Mayor and  
Members of the Board of Commissioners  
Montreat, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Montreat, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprises the Town of Montreat's basic financial statements, and have issued our report thereon dated February 28, 2019.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Montreat'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 Town of Montreat's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiencies described as Findings 2018-002 and 2018-003 in the accompanying Schedule of Findings and Responses to be material weaknesses.

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. We consider the deficiency described as Finding 2018-001 in the accompanying Schedule of Findings and Responses to be a significant deficiency.

### **Compliance and Other Matters**

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

### **Town of Montreat's Responses to Findings**

The Town of Montreat's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **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 result 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.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
February 28, 2019



# **TOWN OF MONTREAT, NORTH CAROLINA**

## **SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2018**

### **1. Summary of Auditor's Results**

#### **Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements noted? No

## **TOWN OF MONTREAT, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2018**

#### **2. Financial Statement Findings**

##### **Finding 2018-001**

##### **Significant Deficiency**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** The external auditor prepared a draft of the basic financial statements, all required note disclosures, and supplemental schedules. Financial reporting under the accounting standards promulgated by the Financial Accounting Standards Board and the Governmental Accounting Standards Board requires a level of technical expertise not possessed by the Town's personnel with regards to drafting full accrual, full disclosure financial statements. Although management of the Town does not possess expertise to draft full accrual, full disclosure financial statements, they do have the skills and knowledge to adequately oversee and perform a detail review of the drafted full accrual, full disclosure financial statements and reconcile the financial statements to the records of the Town.

**Effect:** Errors in financial reporting could occur.

**Cause:** There are limited Town resources as it relates to the preparation of full accrual, full disclosure year-end financial statements.

**Identification of a Repeat Finding:** This is a repeat finding from the immediate previous audit 2017-002.

**Recommendation:** The cost of acquiring the technical expertise to comply with the financial reporting requirements discussed above appears prohibitive. Therefore, the Town should exercise due care in reviewing the financial statements drafted by the external auditor and overseeing the drafting services as the Town is responsible for the accuracy of the audited financial statements.

**Views of Responsible Officials and Corrective Action Plan:** Management concurs with this finding and will adhere to the Corrective Action Plan in this audit report.

## **TOWN OF MONTREAT, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2018**

#### **2. Financial Statement Findings (continued)**

##### **Finding 2018-002**

##### **Material Weakness**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting.

**Condition:** A significant audit adjustment is a proposed correction of the basic financial statements that, in our judgement, may not have been detected except through our auditing procedures. The existence of such material adjustments indicates that the Town's system of controls did not detect and prevent such errors. We have provided management with a report of these adjustments.

**Effect:** Adjustments not posted could cause misstatement of the account balances.

**Cause:** There are limited Town resources as it relates to the preparation of some year-end adjustments for financial reporting purposes.

**Identification of a Repeat Finding:** This is a repeat finding from the immediate previous audit 2017-003.

**Recommendation:** Management should examine the adjustments required as a result of our audit and assess the cost/benefit of improving the internal control system to prevent the adjustments in the future, given the unit's available financial resources. Management should acknowledge inherent limitations in the internal control system caused by limited resources and modify their oversight function accordingly.

**Views of Responsible Officials and Corrective Action Plan:** Management concurs with this finding and will adhere to the Corrective Action Plan in this audit report.

## **TOWN OF MONTREAT, NORTH CAROLINA**

### **SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2018**

#### **2. Financial Statement Findings (continued)**

##### **Finding 2018-003**

##### **Material Weakness**

**Criteria:** Management should have a system in place to reduce the likelihood of errors in financial reporting and to safeguard assets.

**Condition:** Bank reconciliations were not prepared and balanced to the general ledger in a timely manner during the year.

**Effect:** Lack of timely reconciliations greatly increases the risk of improper financial reporting.

**Cause:** There are a limited number of personnel for operating functions. Staff turnover has occurred during the year.

**Recommendation:** Management should require that bank reconciliations be prepared and balanced to the general ledger accounts on a monthly basis as the bank statements come in.

**Views of Responsible Officials and Corrective Action Plan:** Management concurs with this finding and will adhere to the Corrective Action Plan in this audit report.



**CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2018**

**Financial Statement Findings**

**Significant Deficiencies**

***Finding 2018-001***

**Name of Contact Person:** Alex Carmichael, Town Administrator

**Correction Action:** Management has evaluated the cost benefit of engaging the external auditor to perform this function. Though the Town exercises due care in reviewing the financial statements drafted by the external auditor and reconciles the statements to the Town's financial records, the Town will continue to analyze this practice and its alternatives. The Town remains responsible for the accuracy of the audited financial statements.

**Proposed Completion Date:** Immediately

**Material Weaknesses**

***Finding 2018-002***

**Name of Contact Person:** Alex Carmichael, Town Administrator

**Corrective Action:** Management is aware that year-end audit adjustments are typically required. Management has strengthened internal controls throughout the year and continues to do so. Additionally, with the recent hiring of the Town's new Finance Officer, management expects a reduction in the number of audit adjustments required at year-end.

**Proposed Completion Date:** Immediately

***Finding 2018-003***

**Name of Contact Person:** Alex Carmichael, Town Administrator

**Corrective Action:** With the recent hiring of the Town's new Finance Officer, end of month bank reconciliations are possible again. Once caught up in the current fiscal year, management will ensure that bank reconciliation will be prepared and balanced to the general ledger accounts on a monthly basis as the bank statements come in.

**Proposed Completion Date:** Immediately

## **TOWN OF MONTREAT, NORTH CAROLINA**

### **SCHEDULE OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2018**

#### **Finding 2017-001**

**Status:** Corrected.

#### **Finding 2017-002**

**Status:** Repeated as Finding 2018-001. Management has evaluated the cost benefit and has chosen to engage the external auditor to perform this function.

**Corrective Action:** Management continues to evaluate the cost benefit of engaging the external auditor to perform this function. Though the Town exercises due care in reviewing the financial statements drafted by the external auditor and reconciles the statements to the Town's financial records, the Town will continue to analyze this practice and its alternatives. The Town remains responsible for the accuracy of the audited financial statements

#### **Finding 2017-003**

**Status:** Repeated as Finding 2018-002.

**Corrective Action:** Management is aware that year-end audit adjustments are typically required. Management has strengthened internal controls throughout the year and continues to do so. Additionally, with the recent hiring of the Town's new Finance Officer, management expects a reduction in the number of audit adjustments required at year-end

#### **Finding 2017-004**

**Status:** Corrected.

#### **Finding 2017-005**

**Status:** Corrected.

#### **Finding 2017-006**

**Status:** Corrected.



# **Town of Montreat Capital Improvement Program 2019 - 2024**

# **Town of Montreat North Carolina**

## **Capital Improvement Program Fiscal Years 2019-2024**

### **BOARD OF COMMISSIONERS**

Tim Helms, Mayor  
Kent Otto, Mayor Pro Tem  
Kitty Fouche, Commissioner  
Bill Gilliland, Commissioner  
Alice Lentz, Commissioner  
Tom Widmer, Commissioner

### **TOWN ADMINISTRATOR/BUDGET OFFICER**

Alex Carmichael

### **FINANCE OFFICER**

Darlene Carasquillo

### **TOWN CLERK**

Angie Murphy



# **TOWN OF MONTREAT CAPITAL IMPROVEMENT PROGRAM FISCAL YEARS 2019 - 2024**

**The Town of Montreat Board of Commissioners will seek ways to maintain and improve the quality of life, preserve the natural beauty and promote responsible growth, while maintaining our community image, heritage and traditions.**

## **TABLE OF CONTENTS**

### **Policy and Guidelines**

### **General Fund Revenues**

Summary  
Revenues

### **General Fund Expenditures**

Summary All  
4100 - Governing Board  
4200 - Administration  
5000 - Public Buildings

5100 - Police Department  
5400 - Planning and Zoning  
5550 - Public Works  
5600 - Street Department  
5800 - Sanitation Department  
6190 - Environment & Recreation

### **Water Fund Revenues**

### **Water Fund Expenditures**

Summary All Departments  
8100 - Water Operations

# **TOWN OF MONTREAT CAPITAL IMPROVEMENT PROGRAM FISCAL YEARS 2019 - 2023**

## **Introduction**

It is our pleasure to submit to the Mayor and Board of Commissioners for the Town of Montreat the proposed Capital Improvement Program for fiscal years 2019 through 2024. This document is intended as a resource and reference as the Board considers substantial funding commitments for the next fiscal year and future years. We hope that you find the quality of the document to your liking and the information contained herein sufficient to allow the governing body to make informed decisions regarding the direction that the program sets for the next five years.

## **What is a Capital Improvement Program?**

A Capital Improvement Program (CIP) is a financial planning tool that looks into the future to forecast the Town's equipment, building, and infrastructure needs. It encourages the community to forecast not only what expenditures they intend and expect to make, but also to identify potential funding sources in order to more properly plan for the acquisition of the asset. Upon adoption of the Plan, the first year of proposed CIP becomes the list of capital items that are included in the proposed budget for the coming fiscal year. The program is then updated and revised on an annual basis to insure previous projections are still on course. In so doing, the Town is always working on a prospective five-year schedule.

The CIP is designed to be a flexible planning tool. In the most ideal of situations, the CIP is revised and reviewed prior to the initiation of the annual budget process. By beginning the review and revision process ahead of the development of the Annual Budget, the community is better able to scrutinize the actual needs of both the community and the organization, outside of the constraints of the budgetary process. Despite its independence from the development of the operating budget, the CIP does not

merely represent a "wish list" of items without regard to the fiscal constraints that will face the governing board when the time comes to fund the previously identified needs. Rather, all projects include projections of revenues that are expected to be available at the time of any expenditure. If, when it comes time to develop the Annual Budget, sufficient funds are not available to pay for CIP projects, the document provides sufficient flexibility for the governing body to re-prioritize expenditure and project scheduling. It is imperative that the governing board adopting a CIP understand that it is simply a flexible planning tool and that in adopting a particular CIP they are not committing to fund a particular project. The CIP serves only to recognize the importance of a project to the community and projects a timeframe in which it should be undertaken.

### **What Items Are Included in a CIP?**

Different local governments have differing thresholds for inclusion of items and projects in a CIP. Generally speaking, the larger the governmental unit, the greater the dollar limit that is used as the minimum threshold above which items are to be included in the CIP. In Montreat, an item is included in our CIP if it has a life expectancy of greater than one year and a value of greater than \$5,000. In some cases, we may include an item in the proposed plan that is not tangible. Those items, while not generally considered to be traditional capital items, are sometimes included because they represent a significant, inordinate expenditure on the part of the local government.

The limitations that we place on items for inclusion as a CIP request (one-year life expectancy and \$5,000 or more in value) should not be confused with our general accounting definition of a capital item. For budgetary and accounting purposes, our definition of a capital item is greater than \$500 with a life expectancy of greater than one year. That means that although we call this document our Capital Improvement Program, it is not an all-inclusive list of anticipated capital expenditures within the CIP planning period. We do not include items under \$5,000 in value in the CIP because the acquisition of items of lesser value is considered relatively routine. The development of a CIP showing each anticipated capital acquisition in excess of \$500 within the coming five years would be far too cumbersome to develop, review and maintain.

### **Why Have a CIP?**

As referenced above, a CIP is a planning and growth management tool. The Plan allows a community to provide for the orderly

replacement of capital facilities and equipment. It also allows the community to plan for future development through the identification of equipment, buildings and infrastructure that will be needed in order to accomplish particular objectives.

The CIP emphasizes sound financial planning. One of the key components of any CIP is the projection of revenue sources. Not only can these projects be used in developing the CIP, they can also be used in a multitude of other local government matters that require a determination of the availability of future resources. Another aspect of financial planning that is emphasized through the CIP development process is the identification of alternative funding sources for a project before that project is a necessity.

Alternative funding sources generally are interpreted to be either State or Federal grants, but alternative funding can go far beyond those areas. In today's local government environment, we increasingly look to outside funding sources that include non-profit or not-for-profit organizations. We also find ourselves looking to donations and the voluntary service sector for assistance in the development of not only capital projects but the maintenance of on-going operations as well. Finally, the CIP contributes to good financial planning by identifying for us, in sufficient time, large projects that will need funding from somewhere other than current revenue sources. That leads us to review debt financing sources or, better yet, allows us to follow an old practice that is still one of the most sound financial tools around – save for the project in anticipation of its need.

A side benefit to the development of the CIP is that local government observers and regulators, including lending agents, see the development and maintenance of a sound CIP as key to the financial success of any governmental unit. That results in more confidence in the financial operations of the local government, which then translates into lower bond ratings and lower interest rates. Montreat, like all local governments, typically finds itself in the position of needing to borrow money in the normal course of business, and when it does, lower interest rates means less tax dollars that must be paid for the use of that money.

As sound a financial planning tool as the CIP may be, it is equally as useful as a physical planning tool. The CIP encourages local officials to look carefully at the timing of projects in order to determine if there is coordination that can/should occur before a project can take place. This planning may help to reduce duplication of effort and promote scheduling that will allow for the acquisition of assets at the optimal time. Optimal replacement of equipment, for example, allows the local governmental unit to replace that equipment before it reaches the end of its useful life expectancy thereby avoiding additional unnecessary operational costs.

The bottom line is that the CIP is primarily a financial planning tool. While it does allow for coordination and replacement of assets, the end result of the development and implementation of a CIP is that the local government will realize financial benefits from properly planning for the acquisition and development of those assets.

### **How Are Projects Developed for Inclusion in the CIP?**

In developing a CIP, we first consider projects, items, or initiatives discussed or directed by the Commission during the regular course of the year. We then ask department heads to identify their departmental capital needs over the five-year forecast period. Requests are returned at which time further clarification is sought. Requests are then ranked against the relative needs of the organization. Once the initial discussions are concluded, projects are coordinated in an effort to eliminate duplication/overlap and to take advantage of any available funding opportunities. The results of the draft CIP are then shared with the Board of Commissioners and the public in a meeting designed to solicit input on the proposed document.

### **How are Project Costs Determined and How Are Projects Scheduled?**

The year in which a project is scheduled to be undertaken is not necessarily indicative of its relative importance to the community. Scheduling of projects is done in accordance with relative need, coordination with other projects and the availability of appropriate funding.

Project justifications and cost estimates are far more detailed and accurate for those items that are scheduled for funding in an earlier fiscal year. The closer we get to the time at which we will undertake a project the more important it becomes for us to have a more accurate picture of the total project costs. Conversely, projects scheduled for later years are likely to change in scope and/or the acquisition costs are likely to change due simply to inflation, therefore less emphasis is placed on the accuracy of the cost figures associated with those projects.

The anticipated cost of CIP projects is expressed in today's dollars without accounting for inflationary factors in future years. While this may seem foolhardy to some, accurate projections of future years' costs is virtually impossible. As we perform our annual updates of the CIP, projects in the forecast years will be re-evaluated and become better defined. This update process will also allow us the opportunity to revise projected costs to reflect accurately, then current year dollars. In some cases projects scheduled for the fourth, fifth or "Years Beyond" category are included in the CIP simply to determine if there is sufficient community support for such a project. It is not unusual for CIP projects to linger in the later years' columns through several updates while the community attempts to decide if a project is important. Similarly, projects may be pushed back from year to year as priorities shift and the community waits for the appropriate time to undertake a project that is seen as less important. Finally, we sometimes find that project support may exist early on in the CIP development process, but that support may wane the closer we get to the time at which the project is scheduled to be undertaken. Once again, the CIP is a flexible tool designed to meet the ever-changing needs of the community.

### **Summary**

With the plans, desires and dreams that we all have for our community, it is especially important to prioritize our capital projects as we are going to have stiff competition for the future allocation of limited public resources. Without this critical financial planning document, attempting to satisfy needs identified through the development of various Town plans and programs is likely to overwhelm the Town and its capabilities. In addition, without the development of proper planning tools that recognize and prioritize public needs/desires, the Town stands to thwart the energy and enthusiasm of a public that currently participates at high levels. If that enthusiasm is thwarted, we shall lose our most valuable asset in the accomplishment of our goals – public support and involvement. This proposed CIP is a tool that allows us to assess needs, together with resources, and to make more systematic decisions regarding the emphasis that the community will place on particular goals and objectives. The CIP is not a begin all and end all of community planning, but it certainly is a key element in providing community direction.

We present to you, for your consideration, the FY 2019-2023 Capital Improvement Program for the Town of Montreat. The CIP is an excellent and necessary planning tool in today's local government environment and we encourage your input and value your opinions.

Respectfully Submitted  
Alex Carmichael  
Town Administrator

DRAFT

DRAFT



GENERAL FUND  
EXPENDITURES

4100 - GOVERNING BOARD

## 4100 - GOVERNING BOARD SUMMARY

The Town of Montreat Board of Commissioners will seek ways to maintain and improve the quality of life, preserve the natural beauty and promote responsible growth while maintaining our community image, heritage and traditions.

PROJECT DESCRIPTION	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FUTURE	TOTAL
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure Classifications</b>							
Planning/Design/Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hardware/Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Revenue Classifications</b>							
Operating Revenues - General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Funds - Powell Bill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt/Financing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

GENERAL FUND  
EXPENDITURES

4200 - ADMINISTRATION

## 4200 - ADMINISTRATION SUMMARY

The Administration Department of the Town of Montreat provides a support role to the Board of Commissioners as well as managing the day-to-day activities of the town government by providing citizens quality customer service and cost effective, innovative problem solving in accordance with all federal, state and local regulations and policies.

PROJECT DESCRIPTION		FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FUTURE	TOTAL
Computer Sys. Software Update	\$	25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000
<b>TOTALS</b>	\$	25,000	\$ -			\$ -	\$ -	\$ 25,000
<b>Expenditure Classifications</b>								
Planning/Design/Engineering	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hardware/Software	\$	25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000
<b>TOTALS</b>	\$	25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000
<b>Revenue Classifications</b>								
Operating Revenues - General	\$	25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Operating Funds - Powell Bill	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt/Financing	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	\$	25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000

GENERAL FUND  
EXPENDITURES

5000 - PUBLIC BUILDINGS

## 5000 - PUBLIC BUILDINGS SUMMARY

The Public Buildings Department of the Town of Montreat provides and maintains public use facilities at the Town Services Building and provides adequate insurance protection for the Town.

PROJECT DESCRIPTION	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FUTURE	TOTAL
Town Hall Replacement	\$ 1,479,225						\$1,479,225
Public Works Facility	\$ 270,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 270,196
<b>TOTALS</b>	<b>\$ 1,749,421</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$1,749,421</b>
<b>Expenditure Classifications</b>							
Planning/Design/Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	\$ 1,749,421	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,749,421
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hardware/Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	<b>\$ 1,749,421</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,749,421</b>
<b>Revenue Classifications</b>							
Operating Revenues - General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Funds - Powell Bill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Project - Town Hall	\$ 479,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 479,225
Capital Project - PW Building	\$ 270,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 270,196
Capital Project - Greybeard	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Project - Texas Road Pav	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Rev - Culverts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Rev -Misc Projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt/Financing	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	<b>\$ 1,749,421</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 749,421</b>

GENERAL FUND  
EXPENDITURES

5100 - POLICE

## 5100 - POLICE SUMMARY

The Police Department of the Town of Montreat is committed to providing competent, efficient, diligent, personalized and accountable law enforcement services to residents and visitors of Montreat.

PROJECT DESCRIPTION	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FUTURE	TOTAL
Police Vehicle Replacement	\$ 37,000	\$ -	\$ 36,000	\$ -	\$ 36,000	\$ 36,000	\$ 145,000
Radio Replacement	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,000
<b>TOTALS</b>	<b>\$ 46,000</b>	<b>\$ -</b>	<b>\$ 36,000</b>	<b>\$ -</b>	<b>\$ 36,000</b>	<b>\$ 36,000</b>	<b>\$ 154,000</b>
<b>Expenditure Classifications</b>							
Planning/Design/Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment	\$ 46,000	\$ -	\$ 36,000	\$ -	\$ 36,000	\$ 36,000	\$ 154,000
Hardware/Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	<b>\$ 46,000</b>	<b>\$ -</b>	<b>\$ 36,000</b>	<b>\$ -</b>	<b>\$ 36,000</b>	<b>\$ 36,000</b>	<b>\$ 154,000</b>
<b>Revenue Classifications</b>							
Operating Revenues - General	\$ 46,000	\$ -	\$ 36,000	\$ -	\$ 36,000	\$ 36,000	\$ 154,000
Operating Funds - Powell Bill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt/Financing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	<b>\$ 46,000</b>	<b>\$ -</b>	<b>\$ 36,000</b>	<b>\$ -</b>	<b>\$ 36,000</b>	<b>\$ 36,000</b>	<b>\$ 154,000</b>



GENERAL FUND  
EXPENDITURES

5400 - PLANNING AND ZONING

## 5400 - PLANNING AND ZONING SUMMARY

The Planning and Zoning Department of the Town of Montreat provides for the health, safety and welfare of Montreat by assuring fair application of all applicable federal, state and local laws regulating land uses, building construction and code compliance.

PROJECT DESCRIPTION	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FUTURE	TOTAL
Comprehensive Plan Update	\$ 36,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,000
Vehicle Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Expenditure Classifications</b>							
Planning/Design/Engineering	\$ 36,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,000
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction						\$ -	\$ -
Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hardware/Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	\$ 36,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,000
<b>Revenue Classifications</b>							
Operating Revenues - General	\$ 36,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,000
Operating Funds - Powell Bill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt/Financing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	\$ 36,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,000

GENERAL FUND  
EXPENDITURES

5550 - PUBLIC WORKS

## 5500 - PUBLIC WORKS SUMMARY

The Public Works Department of the Town of Montreat provides a support role to the street department, sanitation department and water department.

PROJECT DESCRIPTION	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FUTURE	TOTAL
Truck Replacement (08)	\$ 48,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,000
Bucket Truck Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
<b>TOTALS</b>	<b>\$ 48,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,000</b>	<b>\$ 108,000</b>
<b>Expenditure Classifications</b>							
Planning/Design/Engineering	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment	\$ 48,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 108,000
Hardware/Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	<b>\$ 48,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,000</b>	<b>\$ 108,000</b>
<b>Revenue Classifications</b>							
Operating Revenues - General	\$ 48,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 108,000
Operating Funds - Powell Bill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt/Financing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	<b>\$ 48,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,000</b>	<b>\$ 108,000</b>

GENERAL FUND  
EXPENDITURES

5600/5700 - STREET/POWELL BILL

## 5600/5700 - STREET/POWELL BILL SUMMARY

The Street Department of the Town of Montreat provides street services and upgrades to the residents of Montreat. The Street Department is responsible for storm water management, road repair and resurfacing, mowing and right-of-way maintenance.

PROJECT DESCRIPTION	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FUTURE	TOTAL
Local Street Paving	\$ 269,313	\$ 300,000	\$ 235,000	\$ 300,000	\$ 380,000	\$ 200,000	\$ 1,684,313
Stormwater/Hydrology Study	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000
Bridge Conversion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Road Paving	\$ 55,685	\$ 35,347	\$ 13,936	\$ -	\$ -	\$ -	\$ 104,968
Greybeard Retaining Wall	\$ 258,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,320
Texas Ex. Culvert Barrel 1	\$ 202,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,400
Texas Rd. Wall	\$ 165,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,320
Misc Repairs	\$ 127,988	\$ 1,880	\$ -	\$ -	\$ -	\$ -	\$ 129,868
Chipper Replacement	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
Truck Replacement (04)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tractor Replacement (72)	\$ -	\$ -	\$ 45,000	\$ -	\$ -	\$ -	\$ 45,000
Dump Truck Replacement (95)	\$ -	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ 70,000
<b>TOTALS</b>	<b>\$ 1,114,026</b>	<b>\$ 407,227</b>	<b>\$ 293,936</b>	<b>\$ 350,000</b>	<b>\$ 380,000</b>	<b>\$ 200,000</b>	<b>\$ 2,745,189</b>
<b>Expenditure Classifications</b>							
Planning/Design/Engineering	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	\$ 1,079,026	\$ 337,227	\$ 248,936	\$ 300,000	\$ 380,000	\$ 200,000	\$ 2,545,189
Equipment	\$ -	\$ 70,000	\$ 45,000	\$ 50,000	\$ -	\$ -	\$ 165,000
Hardware/Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	<b>\$ 1,114,026</b>	<b>\$ 407,227</b>	<b>\$ 293,936</b>	<b>\$ 350,000</b>	<b>\$ 380,000</b>	<b>\$ 200,000</b>	<b>\$ 2,745,189</b>

**Revenue Classifications**

Operating Revenues - General	\$ 7,000	\$ 70,000	\$ 45,000	\$ 50,000	\$ -	\$ -	\$ 172,000
Operating Funds - Powell Bill	\$ 324,998	\$ 335,347	\$ 248,936	\$ 300,000	\$ 380,000	\$ 200,000	\$ 1,789,281
Capital Project - Town Hall	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Project - PW Building	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Project - Greybeard	\$ 64,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64,580
Capital Project - Texas Road Paving	\$ 41,330	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,330
Special Rev - Culverts	\$ 50,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,600
Special Rev -Misc Projects	\$ 31,997	\$ 470	\$ -	\$ -	\$ -	\$ -	\$ 32,468
Debt/Financing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grant	\$ 593,521	\$ 1,410	\$ -	\$ -	\$ -	\$ -	\$ 594,931
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	<b>\$ 1,114,026</b>	<b>\$ 407,227</b>	<b>\$ 293,936</b>	<b>\$ 350,000</b>	<b>\$ 380,000</b>	<b>\$ 200,000</b>	<b>\$ 2,745,189</b>

GENERAL FUND  
EXPENDITURES

5800 - SANITATION



## 5800 - SANITATION SUMMARY

The Sanitation Department is responsible for the collection and disposal of solid waste, recyclables, yard waste and white goods within the Town of Montreat.

PROJECT DESCRIPTION		FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FUTURE	TOTAL
Sanitation Pick-Up Truck Repl.	\$	-	\$ 48,000	\$ -	\$ -	\$ -	\$ -	\$ 48,000
<b>TOTALS</b>	\$	-	\$ 48,000	\$ -	\$ -	\$ -	\$ -	\$ 48,000
<b>Expenditure Classifications</b>								
Planning/Design/Engineering	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	-
Land	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	-
Construction	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	-
Equipment	\$	-	\$ -	\$ 48,000	\$ -	\$ -	\$ -	\$ 48,000
Hardware/Software	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	-
<b>TOTALS</b>	\$	-	\$ -	\$ 48,000	\$ -	\$ -	\$ -	\$ 48,000

**Revenue Classifications**

Operating Revenues - General	\$	-	\$	-	\$	48,000	\$	-	\$	-	\$	-	\$	48,000
Capital Project - Town Hall	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Capital Project - PW Building	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Capital Project - Greybeard	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Capital Project - Texas Road Paving	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Special Rev - Culverts	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Special Rev -Misc Projects	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Debt/Financing	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Grant	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Other	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
<b>TOTALS</b>	\$	-	\$	-	\$	48,000	\$	-	\$	-	\$	-	\$	48,000

GENERAL FUND  
EXPENDITURES

6190 - ENVIRONMENT, CONSERVATION AND RECREATION

## 6190 - ENVIRONMENT, CONSERVATION AND RECREATION SUMMARY

The Landcare Committee of the Town of Montreat is a community-based group of volunteers working on conservation projects that contribute to positive environmental, social and economic outcomes. The committee recommends plans, policies and community actions that meet the desires, needs and opinions of the citizens of Montreat for the protection of greenspace and the safety of walkers, joggers, hikers, bicyclists, bird-watchers and nature lovers.

PROJECT DESCRIPTION		FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FUTURE	TOTAL
Native Plant Garden	\$	-	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ 10,000
Sidewalks/Greenways Devp.	\$	-	\$ 52,460	\$ 75,000	\$ -	\$ -	\$ -	\$ 127,460
Gateway Plan	\$	-	\$ -	\$ -	\$ -	\$ -	\$ 110,000	\$ 110,000
<b>TOTALS</b>	\$	-	\$ 52,460	\$ 85,000	\$ -	\$ -	\$ 110,000	\$ 247,460
<b>Expenditure Classifications</b>								
Planning/Design/Engineering	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Land	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	\$	-	\$ 52,460	\$ 85,000	\$ -	\$ -	\$ 110,000	\$ 247,460
Equipment	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hardware/Software	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTALS</b>	\$	-	\$ 52,460	\$ 85,000	\$ -	\$ -	\$ 110,000	\$ 247,460

**Revenue Classifications**

Operating Revenues - General	\$	-	\$	-	\$	-	\$	-	\$	110,000	\$	110,000
Operating Funds - Powell Bill	\$	-	\$	-	\$	85,000	\$	-	\$	-	\$	85,000
Capital Project - Town Hall	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Capital Project - PW Building	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Capital Project - Greybeard	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Capital Project - Texas Road Paving	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Special Rev - Culverts	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Special Rev -Misc Projects	\$	-	\$	13,115	\$	-	\$	-	\$	-	\$	13,115
Debt/Financing	\$	-	\$	39,345	\$	-	\$	-	\$	-	\$	39,345
Grant	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Other	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
<b>TOTALS</b>	\$	-	\$	52,460	\$	85,000	\$	-	\$	-	\$	247,460

GENERAL FUND AND CAPITAL PROJECT FUNDS  
EXPENDITURES

**GENERAL AND CAPITAL PROJECT FUNDS EXPENDITURES**  
**SUMMARY ALL DEPARTMENTS**

PROJECT DESCRIPTION	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FUTURE	TOTAL
Computer Software Update	\$ 25,000		\$ -	\$ -	\$ -	\$ -	\$ 25,000
<b>Sub-Total: Administration</b>	<b>\$ 25,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,000</b>
Town Hall Replacement	\$ 1,479,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,479,225
Public Works Facility	\$ 270,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 270,196
<b>Sub-Total: Public Buildings</b>	<b>\$ 1,749,421</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,749,421</b>
Police Vehicle Replacement	\$ 37,000	\$ -	\$ 36,000	\$ -	\$ 36,000	\$ 36,000	\$ 145,000
Radio Replacement	\$ 9,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,000
<b>Sub-Total: Police</b>	<b>\$ 46,000</b>	<b>\$ -</b>	<b>\$ 36,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 36,000</b>	<b>\$ 154,000</b>
Comprehensive Plan Update	\$ 36,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,000
<b>Sub-Total: Planning &amp; Zoning</b>	<b>\$ 36,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 36,000</b>
Truck Replacement	\$ 48,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,000
Bucket Truck Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 60,000
<b>Sub-Total: Public Works</b>	<b>\$ 48,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,000</b>	<b>\$ 108,000</b>
Local Street Paving	\$ 269,313	\$ 300,000	\$ 235,000	\$ 300,000	\$ 380,000	\$ 200,000	\$ 1,684,313
Stormwater/Hydrology Study	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000
Bridge Conversion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Road Paving	\$ 55,685	\$ 35,347	\$ 13,936	\$ -	\$ -	\$ -	\$ 104,968
Greybeard Retaining Wall	\$ 258,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,320
Texas Ex. Culvert Barrel 1	\$ 202,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202,400
Texas Rd. Wall	\$ 165,320	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,320
Misc Repairs	\$ 127,988	\$ 1,880	\$ -	\$ -	\$ -	\$ -	\$ 129,868
Chipper Replacement	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
Truck Replacement (04)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tractor Replacement (85)	\$ -	\$ -	\$ 45,000	\$ -	\$ -	\$ -	\$ 45,000
Dump Truck Replacement (95)	\$ -	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ 70,000
<b>Sub-Total: Streets</b>	<b>\$ 1,114,026</b>	<b>\$ 407,227</b>	<b>\$ 293,936</b>	<b>\$ 350,000</b>	<b>\$ 380,000</b>	<b>\$ 200,000</b>	<b>\$ 2,745,189</b>

Sanitation Pick-Up Truck	\$	-	\$	48,000	\$	-	\$	-	\$	-	\$	-	\$	48,000
<b>Sub-Total: Sanitation</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>48,000</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>48,000</b>
Native Plant Garden	\$	-	\$	-	\$	10,000	\$	-	\$	-	\$	-	\$	10,000
Sidewalks/Greenways Devp.	\$	-	\$	52,460	\$	75,000	\$	-	\$	-	\$	-	\$	127,460
Gateway Plan	\$	-	\$	-	\$	-	\$	-	\$	-	\$	110,000	\$	110,000
<b>Sub-Total: Recreation</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>52,460</b>	<b>\$</b>	<b>85,000</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>110,000</b>	<b>\$</b>	<b>247,460</b>

<b>Departmental Totals</b>	<b>FY 18-19</b>	<b>FY 19-20</b>	<b>FY 20-21</b>	<b>FY 21-22</b>	<b>FY 22-23</b>	<b>FUTURE</b>	<b>TOTAL</b>
Administration	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Public Buildings	\$ 1,749,421	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,749,421
Police	\$ 46,000	\$ -	\$ 36,000	\$ -	\$ -	\$ 36,000	\$ 154,000
Planning and Zoning	\$ 36,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36,000
Public Works	\$ 48,000	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ 108,000
Streets	\$ 1,114,026	\$ 407,227	\$ 293,936	\$ 350,000	\$ 380,000	\$ 200,000	\$ 2,745,189
Sanitation	\$ -	\$ 48,000	\$ -	\$ -	\$ -	\$ -	\$ 48,000
Recreation	\$ -	\$ 52,460	\$ 85,000	\$ -	\$ -	\$ 110,000	\$ 247,460
<b>Total: General Fund</b>	<b>\$ 3,018,447</b>	<b>\$ 507,687</b>	<b>\$ 414,936</b>	<b>\$ 350,000</b>	<b>\$ 380,000</b>	<b>\$ 406,000</b>	<b>\$ 5,113,070</b>



WATER FUND  
EXPENDITURES

## WATER FUND SUMMARY ALL DEPARTMENTS

PROJECT DESCRIPTION	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FUTURE	TOTAL
Water Line Replacement	\$ 62,011	\$ 60,000	\$ 65,000	\$ 80,000	\$ 60,000	\$ 65,000	\$ 392,011
Water Storage Facility	\$ -	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 275,000	\$ 495,000
Portable Generators	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000
Water Tank Inspection/Maint.	\$ -	\$ -	\$ -	\$ 28,000	\$ -	\$ -	\$ 28,000
Well Exploration and Const.	\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ -	\$ 125,000
Water Truck Replacment	\$ -	\$ -	\$ 58,000	\$ -	\$ -	\$ 55,000	\$ 113,000
Trackhoe	\$ -	\$ -	\$ 72,000	\$ -	\$ -	\$ -	\$ 72,000.00
Water Meter Replacement	\$ -	\$ 125,000	\$ -	\$ -	\$ -	\$ -	\$ 125,000
Water Billing Software Modul	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000
<b>WATER FUND TOTALS</b>	<b>\$ 138,011</b>	<b>\$ 240,000</b>	<b>\$ 250,000</b>	<b>\$ 163,000</b>	<b>\$ 240,000</b>	<b>\$ 395,000</b>	<b>\$ 1,426,011</b>

### Expenditure Classifications

Planning/Design/Engineering	\$ -	\$ -	\$ -	\$ 28,000	\$ 125,000	\$ -	\$ 153,000
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction	\$ 62,011	\$ 115,000	\$ 120,000	\$ 135,000	\$ 115,000	\$ 340,000	\$ 887,011
Equipment	\$ 70,000	\$ 125,000	\$ 130,000	\$ -	\$ -	\$ 55,000	\$ 380,000
Hardware/Software	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000
<b>TOTALS</b>	<b>\$ 138,011</b>	<b>\$ 240,000</b>	<b>\$ 250,000</b>	<b>\$ 163,000</b>	<b>\$ 240,000</b>	<b>\$ 395,000</b>	<b>\$ 1,426,011</b>

### Revenue Classifications

Operating Revenues	\$ 138,011	\$ 185,000	\$ 195,000	\$ 108,000	\$ 185,000	\$ 120,000	\$ 931,011
Impact Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt/Financing	\$ -	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 275,000	\$ 495,000
Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 138,011</b>	<b>\$ 240,000</b>	<b>\$ 250,000</b>	<b>\$ 163,000</b>	<b>\$ 220,000</b>	<b>\$ 395,000</b>	<b>\$ 1,426,011</b>

**SUMMARY OF  
WATER FUND**

## WATER FUND SUMMARY ALL DEPARTMENTS

PROJECT DESCRIPTION	FY 19-20	FY 20-21	FY 21-22	FY 22-23	FY 23-24	FUTURE	TOTAL
Water Line Replacement	\$ 62,011	\$ 60,000	\$ 65,000	\$ 80,000	\$ 60,000	\$ 65,000	\$ 392,011
Water Storage Facility	\$ -	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 275,000	\$ 495,000
Portable Generators	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,000
Water Tank Inspection/Maint.	\$ -	\$ -	\$ -	\$ 28,000	\$ -	\$ -	\$ 28,000
Well Exploration and Const.	\$ -	\$ -	\$ -	\$ -	\$ 125,000	\$ -	\$ 125,000
Water Truck Replacment	\$ -	\$ -	\$ 58,000	\$ -	\$ -	\$ 55,000	\$ 113,000
Trackhoe	\$ -	\$ -	\$ 72,000	\$ -	\$ -	\$ -	\$ 72,000
Water Meter Replacement	\$ -	\$ 125,000	\$ -	\$ -	\$ -	\$ -	\$ 125,000
Water Billing Software Modual	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000
<b>WATER FUND TOTALS</b>	<b>\$ 138,011</b>	<b>\$ 240,000</b>	<b>\$ 250,000</b>	<b>\$ 163,000</b>	<b>\$ 240,000</b>	<b>\$ 395,000</b>	<b>\$ 1,426,011</b>
<b>Revenue Classifications</b>							
Operating Revenues	\$ 138,011	\$ 185,000	\$ 195,000	\$ 108,000	\$ 185,000	\$ 120,000	\$ 931,011
Impact Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt/Financing	\$ -	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000	\$ 275,000	\$ 495,000
Grant	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 138,011</b>	<b>\$ 240,000</b>	<b>\$ 250,000</b>	<b>\$ 163,000</b>	<b>\$ 240,000</b>	<b>\$ 395,000</b>	<b>\$ 1,426,011</b>