

**Town of Montreat
Board of Commissioners Meeting – Public Forum
November 9, 2023 – 6:30 p.m.
Town Hall**

I. Call to Order

- Welcome
- Moment of Silence

II. Agenda Adoption

III. Public Comments

IV. Adjournment

**Town of Montreat
Board of Commissioners
Town Council Meeting
November 9, 2023 – 7:00 p.m.
Town Hall**

I. Call to Order

- Pledge of Allegiance
- Moment of Silence

II. Agenda Adoption

III. Presentations to Council

- **Black Mountain Fire Department Annual Report**

IV. Mayor's Communications

V. Consent Agenda

A. Meeting Minutes Adoption

- October 12th Public Forum Meeting Minutes
- October 12th Town Council Meeting Minutes

All items on the Consent Agenda are considered routine, to be enacted by one motion with the adoption of the agenda and without discussion. If a member of the governing body requests discussion of an item, it will be removed from the Consent Agenda and considered separately.

VI. Town Manager's Communications

- Consent Agenda Review
- Other Items

VII. Administrative Reports (Council did not meeting in Nov of 22-there are no numbers to compare in Montreat By The Numbers-only new data)

- Administration
- Planning and Zoning
- Police
- Public Works and Water
- Sanitation
- Streets
- Finance -
- Additional Planning & Zoning Information

VIII. Public Comment

Public comments will be heard during this period for any and all items.

IX. Old Business

X. New Business

A. Presentation of Annual Comprehensive Financial Report 2023

- Presenter: Levonia Reese or Fran Noel
- See Agenda Materials

B. Consideration of Text Amendment TA-2023-01 Montreat Zoning Ordinance – Article II and VI

- Presenter: Savannah Parrish, Applicant or Representative (if needed)
- See Agenda Materials
- Suggested Motion: Move to approve/approve with revisions/deny Text Amendment TA-2023-01

C. Consideration of Financial Policies

- Presenter: Savannah Parrish
- See Agenda Materials
- Suggested Motion: Move to accept/deny the Financial Policies as updated/or as amended

XI. Public Comment

Public comments will be heard during this period for any and all items.

XII. Commissioner Communications

XIII. Dates to Remember

- Open Space Conservation Committee Meeting, Tuesday November 14th at 3:30 p.m. in Town Hall
- Town Hall Closed for Thanksgiving Holiday, Thursday and Friday November 23rd and 24th

- **Tree Board, Tuesday November 28th at 9:30 a.m. in Town Hall with Zoom options**
- **December Board of Commissioners Meeting, Thursday December 14th at 7:00 p.m. Public Forum to begin at 6:30 p.m. in Town Hall with Zoom options**
- **Town Hall Closed for Christmas Holiday, Monday and Tuesday December 25th and 26th**

XV. Closed Session

- **Suggested Motion: Move to enter into Closed Session in accordance with NCGS §143-318.11(6) for discussion of a personnel matter”**

**Town of Montreat
Board of Commissioners
Public Forum Meeting Minutes
October 12, 2023 – 6:30 p.m.
Town Hall**

Board members present: Mayor Tim Helms
Commissioner Jane Alexander
Commissioner Kitty Fouche
Commissioner Tom Widmer

Board members absent: Mayor Pro Tem Mason Blake

Town staff present: Savannah Parrish, Town Manager
Angie Murphy, Town Clerk

Approximately five members of the public were present. Mayor Tim Helms called the meeting to order at 6:30 p.m., and led the group in a moment of silence.

Agenda Approval

Commissioner Jane Alexander moved to adopt the agenda as presented. Commissioner Tom Widmer seconded and the motion carried 3/0.

Public Forum

There were no comments during the Public Forum.

Adjournment

Commissioner Kitty Fouche moved to adjourn the meeting. Commissioner Jane Alexander seconded and the motion carried 3/0. The meeting was adjourned at 6:33 p.m.

Tim Helms, Mayor

Angie Murphy, Town Clerk

**Board of Commissioners
Meeting Minutes
October 12, 2023**

Board members present: Mayor Tim Helms
Commissioner Jane Alexander
Commissioner Kitty Fouche
Commissioner Tom Widmer

Board members absent: Mayor Pro Tem Mason Blake

Town staff present: Savannah Parrish, Town Manager
Angie Murphy, Town Clerk
David Arrant, Chief of Police
Barry Creasman, Public Works Director
Rachel Eddings, Finance Officer

Approximately twelve members of the public were present at Town Hall and several more were watching via Zoom. Mayor Tim Helms called the meeting to order at 7:00 p.m., and led the group in the pledge of allegiance and a moment of silence.

Agenda Approval

Commissioner Tom Widmer moved to amend the agenda to add New Business Item H for nominations to fill a vacant alternate member Planning & Zoning Commission seat. Commissioner Jane Alexander seconded and the motion carried 3/0.

Mayor's Communications

Mayor Tim Helms announced that he did not have any official communications but remarked on what a beautiful fall day it had been in Montreat. Mayor Helms cautioned residents on how dry everything is in Town and mentioned the possibility of fire risks. Mayor Helms reminded residents to pay attention to Firewise recommendations and suggested keeping debris away from homes.

Meeting Minutes Adoption

- September 14th Public Forum Meeting Minutes
- September 14th Town Council Meeting Minutes

Town Manager's Communications

Town Manager Savannah Parrish reviewed the Consent Agenda but had no other communications.

Administrative Reports

- Administration – This report was given in written format.

- Finance – This report was given in written format.
- Planning & Zoning – This report was given in written format.
- Police – This report was given in written format.
- Public Works and Water – This report was given in written format.
- Sanitation – This report was given in written format.
- Streets – This report was given in written format.
- Additional Planning & Zoning Information – This report was given in written format.

Commissioner Tom Widmer asked how the audit was coming along and if it would be ready to submit to the Local Government Commission by the end of October. Finance Officer Rachel Eddings advised that the auditors had been in Town Hall just that week doing their field work and everything looked good and on schedule for now.

Public Comment

There was no public comment at this time.

Old Business

There was no Old Business to discuss.

New Business

- A. **Nominations and Appointment of Town Commissioner:** Mayor Tim Helms reminded those in attendance that there was a vacant seat on the Commission since Kent Otto resigned in September. Mayor Helms asked if any Commissioner had any nominations. Commissioner Kitty Fouche moved to nominate Grant Dasher to fill the recently vacated Town Commissioner seat. Commissioner Fouche advised that Mr. Dasher resided on Virginia Road with his wife and three children. Commissioner Fouche stated that they had met with Grant and they were impressed by his interest and willingness to serve. Commissioner Jane Alexander seconded and the motion carried 3/0.
- B. **Oath of Office:** Mayor Tim Helms administered the Oath of Office to Commissioner Grant Dasher. Commissioner Dasher took a moment to introduce himself to everyone. Commissioner Dasher, his wife and three children, moved to Asheville three years ago after he established a dental practice in Asheville. Commissioner Dasher feels that Montreat is a great place to live and raise a family and he is looking forward to serving the community of Montreat.

To view the swearing in of Commissioner Grant Dasher and to see the meeting in its entirety please visit the following zoom link: <https://www.youtube.com/watch?v=u4Q2DVIyysk&t=2395s>

- C. Consideration of Personnel Policy Updates: Town Manager Savannah Parrish advised that she, with the help of Rachel Eddings, had been working on updating the personnel policy for the last few weeks. Ms. Parrish advised that the current policy had not been revised since 2013. The major changes include the Americans with Disabilities Act compliance language, Family Medical Leave Act language, revisions to the Conflicts of Interest section, additional language to the harassment and workplace violence sections, and expanded the substance abuse policy. Commissioner Tom Widmer felt that with the amount of time staff had spent updating the policy that the commission should spend time reviewing the changes before making any decisions. Commissioner Tom Widmer moved to table this discussion until the November meeting. Commissioner Kitty Fouche seconded and the motion carried 3/0.
- D. Consideration of Resolution #23-10-0001 Adopting Personnel Policy Updates: Mayor Tim Helms advised this was also tabled until the November meeting.
- E. Consideration of Proclamation #23-10-0001 Domestic Violence Awareness Month: Town Clerk Angie Murphy advised Council that Help Mate of Buncombe County had asked for every municipality in Buncombe County to adopt the proclamation in support of Domestic Violence Awareness Month. Ms. Murphy read the proclamation aloud at the request of Commissioner Jane Alexander. Commissioner Jane Alexander moved to adopt Proclamation #23-10-0001. Commissioner Kitty Fouche seconded and the motion carried 3/0.
- F. Consideration of Resolution #23-10-0002 Disposal of Surplus Property: Town Clerk Angie Murphy advised Council that Town Staff had a number of items that they were interested in submitting to GovDeals, the online government auction website, to see if some money could be brought back to the Town. The items up for sale, if approved, are a Ford Escape police vehicle, a Vermeer Chipper, and miscellaneous electronic equipment. Ms. Murphy took a moment to explain the auction process to Commissioner Widmer. Commissioner Kitty Fouche moved to adopt Resolution #23-10-0002. Commissioner Tom Widmer seconded and the motion carried 3/0.
- G. Montreat Memorial Gardens: Zoning Administrator Kayla DiCristina advised Council that the Montreat Memorial Garden Committee was seeking approval from Council to upgrade and expand the existing path in the Montreat Memorial Garden to make the path handicap-accessible. Ms. DiCristina stated that the location of the proposed work is in the hatched green area to the right side of Assembly Drive. The project area crosses the 100-year floodplain, but is outside the floodway associated with Flat Creek. The existing path was proposed to be upgraded with new stone along its entire length. The new path will be three feet wide with stone and will proceed northward adjacent to Assembly Drive. Ms. DiCristina advised that as of right now a record of a maintenance agreement could not be located. The MRA handles maintenance currently but Ms. DiCristina recommends obtaining a written maintenance agreement to have on file as part of the approval process. Lynn Gilliland, representing the Montreat Memorial Garden Committee, described some of the proposed new features. Commissioner Jane Alexander moved to permit

with the condition of having a maintenance agreement drawn up with the Town of Montreat. Commissioner Kitty Fouche seconded and the motion carried 4/0.

- H. Nominations for Filling an Alternate Seat on the Planning & Zoning Commission: Commissioner Tom Widmer moved to nominate Daniel Hewitt to fill an open vacancy in an Alternate Seat on the Planning & Zoning Commission. Commissioner Kitty Fouche seconded and the motion carried 4/0.

Public Comment

There was no public comment at this time.

Commissioner Communications

Commissioner Jane Alexander stated that she could not think of a better way to use the Greenspace than for the MRA's Memorial Garden expansion and improvements.

Commissioner Tom Widmer reminded everyone of the Community State Legislative Update on Thursday, October 19th at 4:30 p.m. in Town Hall. Commissioner Widmer also announced that bear hunting season begins on Monday, October 16th and will continue on for about a month or so. It will then pick back up on December 11th through January 1st. Commissioner Widmer reminded everyone that the Town worked hard last year with the bear hunting club and he was happy to report there were no incidents. Commissioner Widmer advised everyone to be aware of their surroundings.

Mayor Tim Helms reminded everyone that the Made in Montreat Craft Show and Sale will be held on Saturday, October 14th from 9:00 a.m. until 2:30 p.m. in Moore Center.

Dates to Remember

- PZC Regular Scheduled Monthly Meeting, Thursday October 19th at 10:30 a.m. in Town Hall with Zoom options
- 2023 Community State Legislative Update, Thursday October 19th at 4:30 p.m. in Town Hall
- Tree Board, Tuesday October 24th at 9:30 a.m. in Town Hall with Zoom options
- Board of Adjustment Meeting, Thursday October 26th at 5:00 p.m. in Town Hall with Zoom options
- Landcare, Wednesday November 1st at 9:00 a.m. in Town Hall with Zoom Options
- November Town Council Meeting, Thursday November 9th at 7:00 p.m. in Town Hall with Zoom Options. Public Forum to begin at 6:30 p.m.

**Board of Commissioners
Meeting Minutes
October 12, 2023**

- Open Space Conservation Committee Meeting, Tuesday November 14th at 3:30 p.m. in Town Hall
- Town Hall Closed for Thanksgiving Holiday, Thursday and Friday November 23rd and 24th
- Tree Board, Tuesday November 28th at 9:30 a.m. in Town Hall with Zoom Options

Adjournment

Commissioner Jane Alexander moved to adjourn the meeting. Commissioner Grant Dasher seconded and the motion carried 4/0. The meeting was adjourned at 7:38 p.m.

Tim Helms, Mayor

Angie Murphy, Town Clerk



TOWN OF MONTREAT

P. O. Box 423, Montreat, NC 28757
Tel: (828) 669-8002 | Fax: (828) 669-3810
www.townofmontreat.org

ADMINISTRATIVE REPORTS: ADMINISTRATION

Town Administration report for the month of October 2023

Monthly Statistics	2022	2023
Public Meetings	0	7
Inter-Organizational /Intergovernmental Meetings	0	1
Agendas Prepared	0	5
Minutes Transcribed	0	5
Resolutions Drafted	0	1
Public Records Requests Processed	0	4
Water Bills Processed	0	685
Leak Adjustments	0	1
New Water Accounts Established	0	3
Purchase Orders	0	86
Professional Development Hours	0	17
Sunshine List Messages		21
Website Posts	0	21
Social Media Posts	0	22
Code Red Alerts	0	0
Workers Compensation Claims	0	0

Upcoming Events and Schedule Changes

Comments

N/A

Staff Communications

N/A



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ADMINISTRATIVE REPORTS: BUILDINGS AND INSPECTIONS

Buildings and Inspections report for the month of October 2023

Monthly Statistics	2022	2023
Building Permits Issued	0	6
Pending Building Permits	0	0
Building Inspections Performed	0	26
Stop Work Orders Issued	0	0
Defective Building Posted	0	0
Denied Building Permits	0	0
Fire Inspections Performed	0	0
Fire Re-Inspections Performed	0	0
Fire Permits Issued	0	0

Comments

Staff Communications



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ADMINISTRATIVE REPORTS: STREETS

Streets Department report for the month of October , 2023

Monthly Statistics	2022	2023
Miles of Road Maintained	0	17.12
Miles of New Road Constructed	0	0
Public Trees Removed	0	0
Sand Applied to Roads (tons)	0	0
Ice Melt Applied to Roads (pounds)	0	0
Monthly Fuel Costs	0	\$343.80
Contracted Employee Staff Hours	0	0
Road Closures	0	0

Comments



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ADMINISTRATIVE REPORTS: POLICE DEPARTMENT

Police Department report for the month of October , 2023

Monthly Statistics	2022	2023
Mileage	2,737	2,563
Dispatched Calls	24	21
Officer-Initiated Calls	742	747
Fire Assistance Calls	1	1
EMS Assistance Calls	2	0
Motorist/Other Assistance Calls	12	19
Traffic Stops	41	38
Parking Issues	5	5
Burglar Alarm Responses	0	0
Fire Alarm Responses	1	0
Residential/Building Checks	559	525
Ordinance Violations	1	6
Law Enforcement Agency Assistance Calls	9	5
Animal Control Calls	4	2
Larcenies	2	0
Breaking & Entering Calls	2	0
Suspicious Person Investigations	1	1
Suspicious Vehicle Investigations	8	5
Disturbance Calls	1	1
Accident Responses	2	0
Auxiliary Hours Worked (Regular)	0	16
Auxiliary Hours Worked (Addittional)	0	36
Truck Turns at Gate	3	2
MPD Fuel Cost	\$ -	\$0.00
Professional Development Hours	0	24
Town Service	644	693
MRA Service	260	240
College Service	7	5

Comments

A reminder, our non-emergency number has changed. You can reach the MPD Officer on duty through Buncombe County Dispatch. 828-250-6670.



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ADMINISTRATIVE REPORTS: WATER AND PUBLIC WORKS

Water and Public Works report for the month of October , 2023

Monthly Statistics	2022	2023
Calls for Service	0	62
Water Leaks Repaired	0	0
New Water Lines Installed	0	0
Water Meters Read	0	676
Water Meter Replacements	0	60
Gallons of Water Produced	0	3,468,528
Monthly Fuel Cost	0	\$ 826.05
Hours Pumped (11 wells combined)	0	1,677

Comments

The Public Works Department would like to wish everyone a Happy and Blessed Thanksgiving and for everyone to have safe travels over the holiday.



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ADMINISTRATIVE REPORTS: SANITATION

Sanitation Department report for the month of October , 2023

Monthly Statistics	2022	2023
Tons of Curbside Trash Collected	0	25.39
Pay-As-You-Throw Trash Bags Collected	0	N/A
Tons of Curbside Recycling Collected	0	4.41
Pay-As-You-Throw Recycling Bags Collected	0	N/A
Cardboard Recycling Collected	0	N/A
Unique Curbside Sanitation Stops	0	2,150
Bagged Leaf Pickup	0	89.00
Brush Pickup (cubic yards)	0	4 Loads
Hauling Fees	0	\$4,036.20
Tipping Fees	0	\$918.43
Dumpster Rental Fees	0	\$460.23
Sanitation Fuel	0	\$ 389.14

Comments:

We had another succesful Bulk Pickup in October. We filled two 30 yd open top containers and one 17 yard open top container. We had 7 trash containers broken into by bears with one warning citation issued. All others were cleaned up and repairs made promptly by the owners or one of their representatives.



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ADMINISTRATIVE REPORTS: ZONING ADMINISTRATION

Zoning Administration report for the month of October 2023

Monthly Statistics	2022	2023
Approved Zoning Permits	0	2
Denied Zoning Permits	0	0
Pending Zoning Permits	0	1
Variance/Interpretation Granted	0	1
Conditional Use Permits Granted	0	1
Permit Extensions Granted	0	0
Sign Permits Issued	0	0
Notices of Violation	0	0

Comments

0



October 2023 - MONTH 4 OF FISCAL YEAR 2023-2024

REVENUES

Fund	Fund #	Budget	YTD Budget	YTD Projected Budget Percentage	YTD Collected	YTD Actual Percentage	Difference
GENERAL FUND	10	2,030,592.00	676,864.00	33.33%	396,797.44	19.54%	(280,066.56)
WATER FUND	30	399,844.00	133,281.33	33.33%	136,654.56	34.18%	3,373.23
TOTAL REVENUES GENERAL & WATER FUNDS		2,430,436.00	810,145.33	33.33%	533,452.00	21.95%	(276,693.33)

EXPENSES

Dept Name	Fund #	Budget	YTD Budget	YTD Projected Budget Percentage	YTD Exp	YTD Actual Percentage	Difference
GOVERNING BODY	10	50,903.00	16,967.67	33.33%	17,517.09	34.41%	(549.42)
ADMINISTRATION	10	533,616.00	177,872.00	33.33%	217,393.91	40.74%	(39,521.91)
PUBLIC BUILDINGS	10	120,116.00	40,038.67	33.33%	27,956.61	23.27%	12,082.06
POLICE	10	494,744.00	164,914.67	33.33%	142,355.99	28.77%	22,558.68
BUILDING AND ZONING	10	91,400.00	30,466.67	33.33%	26,876.90	29.41%	3,589.77
PUBLIC WORKS	10	133,205.00	44,401.67	33.33%	43,054.26	32.32%	1,347.41
STREET	10	391,358.00	130,452.67	33.33%	100,148.59	25.59%	30,304.08
SANITATION	10	192,200.00	64,066.67	33.33%	87,618.88	45.59%	(23,552.21)
ENVIRON,CONS,REC	10	23,050.00	7,683.33	33.33%	4,991.97	21.66%	2,691.36
TOTAL EXPENSES GENERAL FUND		2,030,592.00	676,864.00	33.33%	667,914.20	32.89%	8,949.80

Dept Name	Fund #	Budget	YTD Budget	YTD Projected Budget Percentage	YTD Exp	YTD Actual Percentage	Difference
WATER	30	399,844.00	133,281.33	33.33%	89,398.09	22.36%	43,883.24
TOTAL EXPENSES WATER FUND		399,844.00	133,281.33	33.33%	89,398.09	22.36%	43,883.24
TOTAL EXPENSES GENERAL & WATER FUNDS		\$2,430,436.00	\$810,145.33	33.33%	\$757,312.29	31.16%	\$52,833.04
GENERAL FUND INCOME/LOSS - YTD							(\$271,116.76)
WATER FUND INCOME/LOSS - YTD							\$47,256.47
NET INCOME - YTD 2024							(\$223,860.29)

SPECIAL PROJECTS							
Project	Fund #	Budget	This Month Actual	Amount Spent To Date	Balance Remaining		% Spent
FEMA-MISC	25	214,747.00	0.00	72,853.03	141,893.97		66.07%
LANDCARE	26	27,503.05	2,721.17	6,565.00	20,938.05		76.13%
AMERICAN RESCUE PLAN ACT	28	277,266.78	0.00	204,124.37	73,142.41		26.38%
TOTAL SPECIAL PROJECTS		\$ 519,516.83	\$ 2,721.17	\$ 283,542.40	\$ 235,974.43		45.42%

REVENUES

Fund	Fund #	Budget	YTD Budget	YTD Collected	Difference
GENERAL FUND	10	2,074,556.00	691,518.67	425,581.94	(265,936.73)
WATER FUND	30	359,734.00	119,911.33	120,850.09	938.76
TOTAL REVENUES GENERAL & WATER FUNDS		2,434,290.00	811,430.00	546,432.03	(264,997.97)

EXPENSES

Dept Name	Fund #	Budget	YTD Budget	YTD Exp	Difference
GOVERNING BODY	10	45,572.00	15,190.67	14,575.38	615.29
ADMINISTRATION	10	471,922.00	157,307.33	186,843.74	(29,536.41)
PUBLIC BUILDINGS	10	120,862.00	40,287.33	26,102.88	14,184.45
POLICE	10	439,974.00	146,658.00	137,958.72	8,699.28
BUILDING AND ZONING	10	94,600.00	31,533.33	38,217.00	(6,683.67)
PUBLIC WORKS	10	117,593.00	39,197.67	48,060.11	(8,862.44)
STREET	10	624,083.00	208,027.67	81,684.95	126,342.72
SANITATION	10	136,900.00	45,633.33	43,746.55	1,886.78
ENVIRON,CONS,REC	10	23,050.00	7,683.33	1,183.26	6,500.07
TOTAL EXPENSES GENERAL FUND		2,074,556.00	691,518.67	578,372.59	113,146.08

Dept Name	Fund #	Budget	YTD Budget	YTD Exp	Difference
WATER	30	359,734.00	119,911.33	68,519.59	51,391.74
TOTAL EXPENSES WATER FUND		359,734.00	119,911.33	68,519.59	51,391.74

TOTAL EXPENSES GENERAL & WATER FUNDS		\$2,434,290.00	\$811,430.00	\$646,892.18	\$164,537.82
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GENERAL FUND INCOME/LOSS - YTD **(\$152,790.65)**
WATER FUND INCOME/LOSS - YTD **\$52,330.50**
NET INCOME - YTD 2022 **(\$100,460.15)**

SPECIAL PROJECTS					
Project	Fund #	Budget	This Month Actual	Amount Spent To Date	% Spent
TOWN HALL	13	2,389,579.77	0.00	2,389,579.77	100.00%
PUBLIC WORKS BLDG	14	403,888.86	0.00	398,393.11	98.64%
FEMA-GREYBEARD	15	242,760.00	0.00	238,360.30	98.19%
FEMA-TEXAS ROAD	16	38,272.00	0.00	38,272.00	100.00%
FEMA-PROVIDENCE TERR	17	15,883.00	0.00	15,883.00	100.00%
FEMA-CALVIN TRAIL	20	13,691.00	0.00	13,691.00	100.00%
FEMA-CULVERT PROJECT	21	47,491.00	0.00	46,966.00	98.89%
FEMA-URBAN FORESTRY 2018	23	10,000.00	0.00	5,841.28	58.41%
FEMA-URBAN FORESTRY 2019	24	10,114.00	0.00	2,352.41	23.26%
FEMA-MISC	25	214,747.00	0.00	44,770.03	20.85%
LANDCARE	26	1,560.00	0.00	306.00	19.62%
CARES ACT GRANT	27	9,697.06	0.00	7,981.06	82.30%
AMERICAN RESCUE PLAN ACT	28	138,633.39	0.00	55,405.23	39.97%
TOTAL SPECIAL PROJECTS		\$ 3,536,317.08	\$ -	\$ 3,257,801.19	92.12%

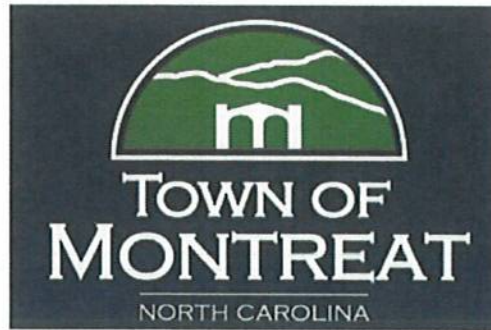


NOTES:

- AdVal Tax is received the month after the tax is collected
- RMV Tax is received two months after the tax is collected
- Sales Tax is received three months after the tax is collected

October Permit Information

5952	10/17/2023	Suzanne Query	155 Overbrook Rd	electrical	elect repairs	no			AR Electrical Solutions	\$ 100
5953	10/17/2023	Susan Mourouzis	157 Oak Lane	bldg	resid addition - garage	yes	200 000		Harrison Homes	\$ 1,810
5954	10/17/2023	Daniel Zorn	112 Kanawha Dr	bldg	resid remodel	yes	670 000		Terra Firma Bldrs LLC	\$ 4,890
5955	10/24/2023	Montreat College	348 Lookout Rd	electrical	elect repairs	no			Jenn Electric Co	\$ 100
5956	10/24/2023	MRA	404 Gaither Circle	elec/plum	tankless water heater	no			TP Howards/Light Em UP	\$ 100
5957	10/27/2023	William Wade & Frances Crozier	639 Greybeard Trail	bldg	new residence	yes	432,328		America's Home Place	\$ 2,527



TOWN OF MONTREAT, NORTH CAROLINA

Annual Comprehensive Financial Report

Year Ended June 30, 2023

TOWN OF MONTREAT, NORTH CAROLINA

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INTRODUCTORY SECTION

TOWN OF MONTREAT, NORTH CAROLINA



TOWN OF MONTREAT

P. O. Box 423, Montreat, NC 28757
Tel: (828) 669-8002 | Fax: (828) 669-3810
www.townofmontreat.org

October 31, 2023

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

The Comprehensive Annual Financial Report ("Annual Report") for the fiscal year ended June 30, 2023, is hereby submitted. For readers that are unfamiliar with municipal Annual Reports, a brief introduction is in order.

An Annual Report is a set of financial statements for a state, municipality or other governmental entity that complies with the accounting requirements established by the Governmental Accounting Standards Board (GASB). It must be audited by an independent auditor using accepted government auditing standards.

The Annual Report consists of three sections: Introductory, Financial, and Statistical

- The introductory section guides the reader through the report
- The financial section presents the entity's basic financial statements as well as notes to the statements and the independent auditor's report
- The statistical section provides additional financial and statistical data, including data about financial trends that may better inform the reader about the government's activities

While virtually all governmental units (including all North Carolina local governments) must produce annual audited financial statements, a Comprehensive Annual Financial Report is considered a step beyond this minimal requirement. Local governments produce Annual Reports to better inform their elected officials and the public about their financial condition. In some cases, lenders may also expect to see an Annual Report for the sake of the additional information they provide.

The basic structure of this and all Comprehensive Annual Financial Reports conform to standards 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 Annual Report reflects the Town's administration's attempt to provide the reader with that information, which we believe is most relevant to our situation and to the needs of our elected officials and citizens.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation (including all disclosures within this Annual 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.

TOWN OF MONTREAT, NORTH CAROLINA

The administration has gone to great lengths to analyze and strengthen our internal controls to minimize any material misstatements in the financial statements. We believe that this Annual 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 Carter, P.C. Their unmodified opinion is included in the financial section of this Annual Report.

In this Annual Report 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 Annual Report.

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. With the measures taken by the Board of Commissioners to counteract the effects of the pandemic, our revenues and expenditures have been roughly in balance with each other, remaining adequate to meet our operational needs. 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 anticipated 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 teems 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 901 people according to the state demographer in the NC Office of State Budget and Management. This figure is somewhat deceptive as far more people reside 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

TOWN OF MONTREAT, NORTH CAROLINA

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 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. An estimate of 298 people over the age of 16 were employed in Montreat, with a median income of \$99,583 in 2021, 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 44.4 years vs. 38.6 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

TOWN OF MONTREAT, NORTH CAROLINA

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 reached 2.9% in June 2023.

The regional employment market offers 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 Buncombe County is \$54,970 vs. a national median of \$79,900 according to the Census Bureau. Montreat is a more affluent community than is typical for our area, and our residents thus enjoy higher incomes: the median income of Montreat of \$99,583.

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 healthcare as part of the natural aging process, has led to the development of an extensive healthcare industry serving the local population, mostly 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 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. Though the tourism industry was hit hard by the pandemic, we are already seeing signs of early recovery.

Local government, represented by the Town of Montreat, is itself an important industry in the local economy, both because of our general and water fund budgets, and because the Town employs a full-time staff of 13 individuals.

Long-Term Financial Planning & Major Initiatives

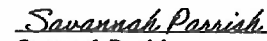
The Town's Board of Commissioners and staff are dedicated to managing the Town's financial affairs in a professional and prudent manner, and to maintaining the Town in sound financial condition. To this end, we avoid running operating deficits and funding operations with appropriated fund balance unless absolutely necessary. Our indebtedness is far below the

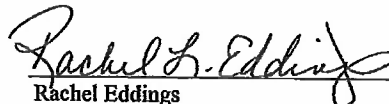
TOWN OF MONTREAT, NORTH CAROLINA

maximums mandated by North Carolina state law. We strive to manage the Town's operations efficiently. The Water Fund is operated as much as possible on a self-supporting basis, with general funds subsidizing capital expenditures, 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/>.)

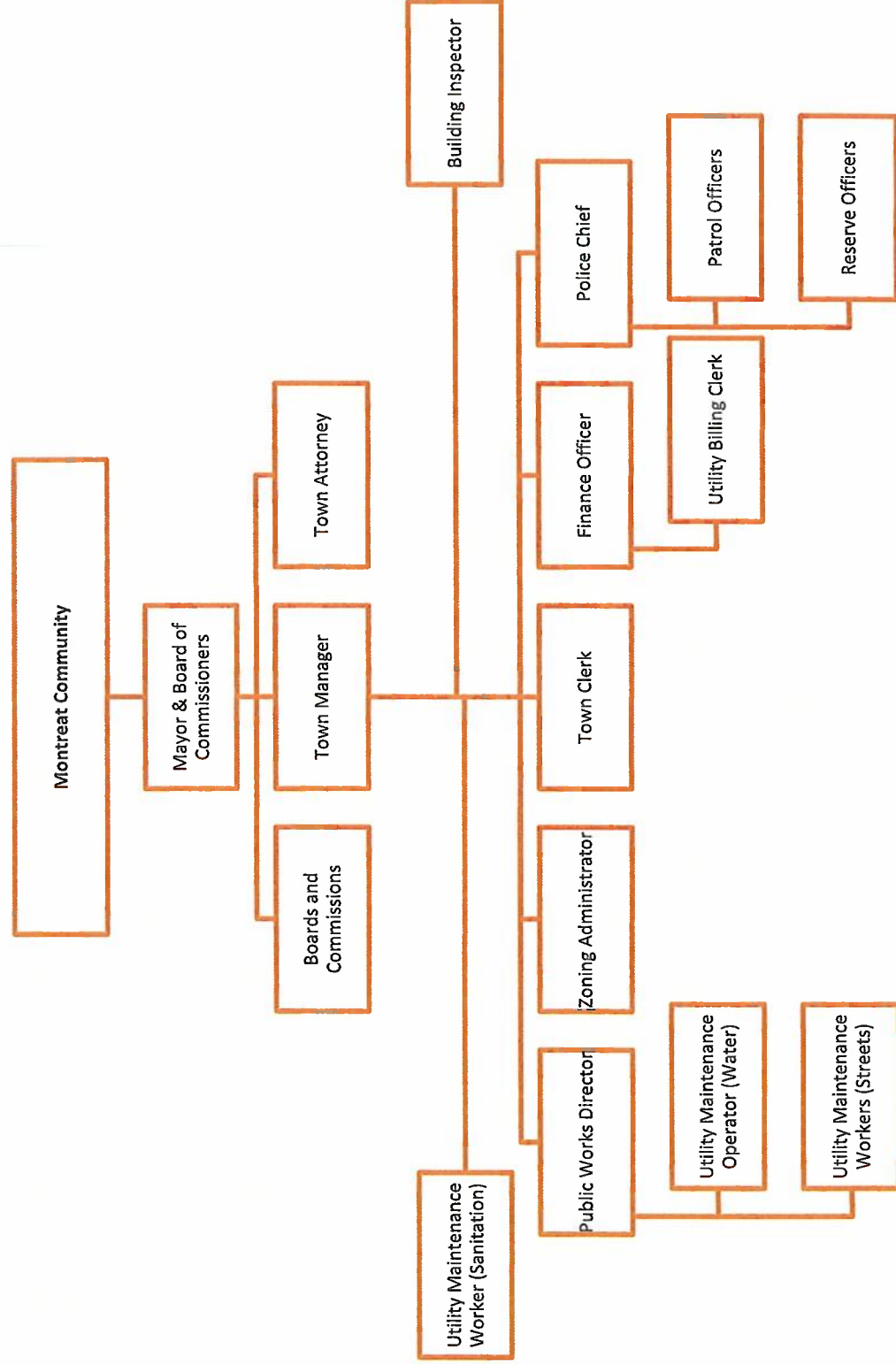
Preparing this Comprehensive Annual Financial Report was made possible with the help of Carter, P.C., and with the help of the Town of Montreat staff members, to whom we express our appreciation. We also acknowledge the support of the Mayor, Board of Commissioners, and members of the Audit Committee 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.


Savannah Parrish
Town Manager


Rachel Eddings
Finance Officer

TOWN OF MONTREAT, NORTH CAROLINA

ORGANIZATIONAL CHART



TOWN OF MONTREAT, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

Town Council Members

Honorable Tim Helms, Mayor
Mason Blake, Mayor Pro Tem
Jane Alexander
Katheryn Fouche

Tom Widmer
Kent Otto

Audit Committee

Hugh Alexander, Chair
Philip Arnold, Vice Chair
Angela Murphy, Secretary
Jane Alexander
Katheryn Fouche
Tom Widmer

Administrative and Financial Staff

Savannah Parrish, Town Manager
Rachel Eddings, Finance Officer
Angela Murphy, Town Clerk
David Arrant, Chief of Police
Barry Creasman, Director of Public Works

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of Financial Statements

Opinions

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 (the Town) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position and cash flows, where applicable, 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.

Basis for Opinions

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

Responsibilities of Management for the Audit of 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

To the Honorable Mayor and Members
of the Board of Commissioners
Town of Montreat, North Carolina
Page 2

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

To the Honorable Mayor and Members
of the Board of Commissioners
Town of Montreat, North Carolina
Page 3

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 13, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability and Contributions, on pages 48 and 49, respectively, 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 on pages 50 and 51, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Montreat's basic financial statements. The individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members
of the Board of Commissioners
Town of Montreat, North Carolina
Page 4

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance on thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2023 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 that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Town of Montreat's internal control over financial reporting and compliance.



Asheville, North Carolina
November 3, 2023

TOWN OF MONTREAT, NORTH CAROLINA

Management's Discussion and Analysis

As management of the Town of Montreat (the "Town"), 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, 2023. 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 exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,687,328 (*net position*).
- The government's total net position increased by \$278,610, primarily due to increases in tax revenues.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,933,298, with a net increase of \$491,376 in fund balance. Approximately 40.55% of this total amount, or \$784,016 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$947,104 or 52.79% of total general fund expenditures and transfers out for the fiscal year.
- The Town's total debt increased by \$272,896 (17.89% over the prior year) during the current fiscal year, primarily due to increases in pension liability and compensated absences.

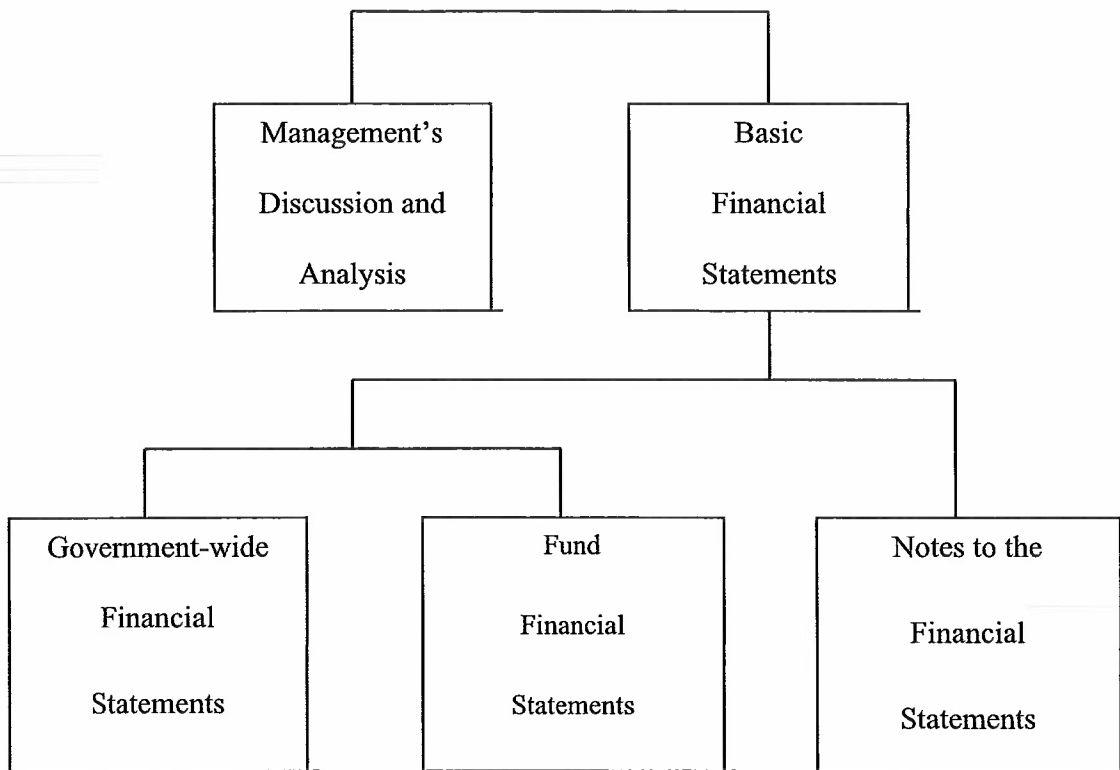
Overview of the Financial Statements

This discussion and analysis are 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.

TOWN OF MONTREAT, NORTH CAROLINA

Required Components of Annual Financial Report

Figure 1



Summary \longrightarrow Detail

Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **government-wide financial statements**. They provide both short and long-term information about the Town's financial status.

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

TOWN OF MONTREAT, NORTH CAROLINA

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 North Carolina General Statutes also can be found in this part of the statements.

Government-Wide Financial Analysis

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 it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the 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 public safety, transportation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water services offered by the Town.

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 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 fewer financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

TOWN OF MONTREAT, NORTH CAROLINA

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 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 kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Montreat uses an enterprise fund to account for its water activity. The fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. In accordance with *GASB 84 Fiduciary Activities*, the Town of Montreat reports custodial assets and the related liability in its proprietary 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 22 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's progress in funding its obligation to provide pension benefits to its employees.

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.

TOWN OF MONTREAT, NORTH CAROLINA

Government-Wide Financial Analysis

Town of Montreat's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 1,944,078	\$ 1,458,856	\$ 936,031	\$ 930,207	\$ 2,880,109	\$ 2,389,063
Capital assets	<u>6,012,496</u>	<u>6,206,504</u>	<u>1,325,507</u>	<u>1,360,232</u>	<u>7,338,003</u>	<u>7,566,736</u>
Total assets	<u>7,956,574</u>	<u>7,665,360</u>	<u>2,261,538</u>	<u>2,290,439</u>	<u>10,218,112</u>	<u>9,955,799</u>
Total deferred outflows of resources	<u>346,515</u>	<u>254,707</u>	<u>25,195</u>	<u>17,286</u>	<u>371,710</u>	<u>271,993</u>
Long-term liabilities outstanding	1,496,025	1,211,832	301,961	313,258	1,797,986	1,525,090
Other liabilities	<u>13,214</u>	<u>19,894</u>	<u>12,922</u>	<u>10,940</u>	<u>26,136</u>	<u>30,834</u>
Total liabilities	<u>1,509,239</u>	<u>1,231,726</u>	<u>314,883</u>	<u>324,198</u>	<u>1,824,122</u>	<u>1,555,924</u>
Total deferred inflows of resources	<u>77,074</u>	<u>245,357</u>	<u>1,298</u>	<u>17,793</u>	<u>78,372</u>	<u>263,150</u>
Net position:						
Net investment in capital assets	5,230,564	5,341,705	1,064,348	1,058,751	6,294,912	6,400,456
Restricted	710,889	249,692			710,889	249,692
Unrestricted	<u>775,323</u>	<u>851,587</u>	<u>906,204</u>	<u>906,983</u>	<u>1,681,527</u>	<u>1,758,570</u>
Total net position	<u>\$ 6,716,776</u>	<u>\$ 6,442,984</u>	<u>\$ 1,970,552</u>	<u>\$ 1,965,734</u>	<u>\$ 8,687,328</u>	<u>\$ 8,408,718</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 \$8,687,328, as of June 30, 2023.

Current and other assets increased by \$491,046 from the prior year. The main factor causing the increase was an overall increase in cash from additional revenues.

The Town's net position increased by \$278,610 for the fiscal year ended June 30, 2023. By far, the largest portion reflects the Town's net investment in capital assets (e.g. land, buildings, infrastructure, 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 net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$710,889, represents resources that are subject to external restrictions on how they may be used.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.93%.
- Increased tax revenues of approximately \$16,000 due to the growth of the Town and increased sales tax revenues of approximately \$61,000.
- Continued efforts in cost savings by Town management.

TOWN OF MONTREAT, NORTH CAROLINA

Town of Montreat's Changes in Net Position
Figure 3

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues:						
Program revenues:						
Charges for services	\$ 114,931	\$ 112,415	\$ 349,978	\$ 347,544	\$ 464,909	\$ 459,959
Operating grants and contributions	224,542	195,269			224,542	195,269
Capital grants and contributions		19				19
General revenues:						
Property taxes	1,260,784	1,244,477			1,260,784	1,244,477
Sales taxes	605,434	544,354			605,434	544,354
Other taxes	104,795	93,730			104,795	93,730
Investment earnings	892	796	287	45	1,179	841
Other	1,585	7,207			1,585	7,207
Total revenues	<u>2,312,963</u>	<u>2,198,267</u>	<u>350,265</u>	<u>347,589</u>	<u>2,663,228</u>	<u>2,545,856</u>
Expenses:						
General government	591,433	632,590			591,433	632,590
Public safety	458,819	385,378			458,819	385,378
Transportation	782,290	520,124			782,290	520,124
Environmental protection	141,091	130,640			141,091	130,640
Cultural and recreation	25,600	34,221			25,600	34,221
Interest on long-term debt	25,280	29,128			25,280	29,128
Water			369,706	330,856	369,706	330,856
Total expenses	<u>2,024,513</u>	<u>1,732,081</u>	<u>369,706</u>	<u>330,856</u>	<u>2,394,219</u>	<u>2,062,937</u>
Increase in net position before other financing sources (uses)	288,450	466,186	(19,441)	16,733	269,009	482,919
Transfers	(24,259)		24,259			
Gain on sale of asset	9,601				9,601	
Increase (decrease) in net position	273,792	466,186	4,818	16,733	278,610	482,919
Net position, beginning	<u>6,442,984</u>	<u>5,976,798</u>	<u>1,965,734</u>	<u>1,949,001</u>	<u>8,408,718</u>	<u>7,925,799</u>
Net position, ending	<u>\$6,716,776</u>	<u>\$6,442,984</u>	<u>\$1,970,552</u>	<u>\$1,965,734</u>	<u>\$8,687,328</u>	<u>\$8,408,718</u>

Governmental activities. Governmental activities increased the Town's net position by \$273,792, accounting for the total increase in the net position of the Town of Montreat. The increase in net position was the result of increase in property and sales tax revenue by the Town. The Town continued efforts to control costs and manage expenditures and Town management continued to reduce non-essential programs to a minimum and implemented cost saving strategies across departments.

Management believes that healthy investment in the Town will result in additional revenues, adding to the Town's net position. Capital projects over the past few years, which were largely funded by governmental activities, resulted in negative impacts on net position of governmental activities.

Town management acknowledges that 2023 was a significant improvement but plans on continuing a long-term strategy to realize continued fiscal health.

TOWN OF MONTREAT, NORTH CAROLINA

Business-type activities. Business-type activities increased the Town of Montreat's net position by \$4,818. Overall Water Fund expenses increased by \$38,850 (11.74% over the prior year). A key element of this increase was transfers from the general fund. Cost-saving measures are being taken to continue to reduce operating costs in the Water Fund and improve fiscal health.

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. At the end of the current fiscal year, the Town's fund balance available in the General Fund was \$921,497, while total fund balance reached \$1,678,108. The Governing Body of the Town of Montreat has determined that the Town should maintain an available fund balance of 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 an available fund balance of 44.83% of general fund budgeted expenditures, and total fund balance represents 81.64% of the same amount.

At June 30, 2023, governmental funds reported a combined fund balance of \$1,933,298, with a net increase in fund balance of \$491,376. Included in this change in fund balance is an increase in fund balance in the general fund of \$514,703.

The General fund had increased property tax revenues because of the increased property valuation used for the calculation of the current year tax levy.

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.

There were several reasons the Town revised its budget throughout the year. Amendments were made for unplanned expenses and additional transfers to other funds.

Proprietary Fund. The Town of Montreat's proprietary fund provides 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 \$881,945. The total change in net position for the Water Fund was an increase of \$4,818. The change in net position in the Water Fund is primarily a result increased general expenses in the fund and transfers from the General Fund. Custodial assets and liabilities in the proprietary fund total \$19,857, as of June 30, 2023.

TOWN OF MONTREAT, NORTH CAROLINA

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, 2023, totals \$7,338,003 (net of accumulated depreciation), a decrease of 3.02% over the prior year. These assets include land, construction on progress, buildings, building improvements, infrastructure, equipment, IT equipment, and vehicles. Major capital asset transactions during the year include the following: construction project on Greybeard. There was no construction in progress at June 30, 2023.

**Town of Montreat's Capital Assets
(net of depreciation)
Figure 4**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 1,057,505	\$ 1,057,505	\$ 367,968	\$ 367,968	\$ 1,425,473	\$ 1,425,473
Buildings	2,282,084	2,330,612	56,862	60,415	2,338,946	2,391,027
Building improvements	2,435	3,897	398,175	418,084	400,610	421,981
Infrastructure	2,567,303	2,676,902	439,684	494,204	3,006,987	3,171,106
Equipment	79,208	91,507	62,818	19,561	142,026	111,068
Vehicles	23,961	46,081			23,961	46,081
Total	<u>\$ 6,012,496</u>	<u>\$ 6,206,504</u>	<u>\$ 1,325,507</u>	<u>\$ 1,360,232</u>	<u>\$ 7,338,003</u>	<u>\$ 7,566,736</u>

Additional information on the Town's capital assets can be found in Note 3.A.4 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2023, The Town of Montreat's debt consisted of installment notes, compensated absences, and pension related debt.

**Town of Montreat's Outstanding Debt
Figure 5**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Installment purchases	\$ 781,932	\$ 864,799	\$ 261,159	\$ 301,481	\$ 1,043,091	\$ 1,166,280
Compensated absences	138,685	93,106			138,685	93,106
Pension related debt (LGRS)	497,390	134,221	40,802	11,777	538,192	145,998
Pension related debt (LEOSSA)	<u>78,018</u>	<u>119,706</u>			<u>78,018</u>	<u>119,706</u>
Total	<u>\$ 1,496,025</u>	<u>\$ 1,211,832</u>	<u>\$ 301,961</u>	<u>\$ 313,258</u>	<u>\$ 1,797,986</u>	<u>\$ 1,525,090</u>

Town of Montreat's Outstanding Debt. The Town of Montreat's total debt increased by \$272,896 (17.89% over the prior year) during the current fiscal year. The key factors in the increase were increases in pension liability 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 \$23,453,271.

Additional information regarding the Town of Montreat's long-term debt can be found in Note 3.B.6 of this report.

TOWN OF MONTREAT, NORTH CAROLINA

Economic Factors and Next Year's Budgets and Rates

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

- Increased property values in the current fiscal year.
- Continued effort by the Town to limit excess costs.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities: Property taxes and other tax revenues are expected to increase slightly during 2024. Revenues from fees and permits are expected to increase slightly during the next fiscal year. Town will use these increases in revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to decrease approximately 1.21% to \$2,030,592. The budgeted decreases are continued efforts in cost savings by Town management.

Business-type Activities: Budgeted Water Fund revenues for the fiscal year ending June 30, 2024, have been estimated at \$399,844. This represents an increase of \$49,579, or 14.15%, from the final actual revenues of \$350,265 for the fiscal year ended June 30, 2023. Generally, water revenues are expected to be consistent for the next fiscal year.

Budgeted Water Fund expenditures and debt service for the fiscal year ending June 30, 2024, equal \$399,844. This is an increase of \$29,162, or 7.87%, from the final actual expenditures of \$370,682, for fiscal year ended June 30, 2023. This is primarily due to an anticipated increase in residents and rentals during 2024, hence more water usage.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of Montreat, P.O. Box 423 Montreat, North Carolina, 28757. One can also call (828) 669-8002, visit our website www.townofmontreat.org, or send an email to reddings@townofmontreat.org for more information.

BASIC FINANCIAL STATEMENTS

Exhibit 1

TOWN OF MONTREAT, NORTH CAROLINA

**Statement of Net Position
June 30, 2023**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,247,235	\$ 722,197	\$ 1,969,432
Taxes receivable, net	195,406		195,406
Accounts receivable, net		31,180	31,180
Other receivables	451,834	158,121	609,955
Inventories		16,540	16,540
Restricted cash and cash equivalents	49,603	7,993	57,596
Total current assets	<u>1,944,078</u>	<u>936,031</u>	<u>2,880,109</u>
Noncurrent assets:			
Capital assets:			
Land, non-depreciable improvements, and constructions in process	1,057,505	367,968	1,425,473
Other capital assets, net of depreciation	<u>4,954,991</u>	<u>957,539</u>	<u>5,912,530</u>
Total non-current assets	<u>6,012,496</u>	<u>1,325,507</u>	<u>7,338,003</u>
Total assets	<u>\$ 7,956,574</u>	<u>\$ 2,261,538</u>	<u>\$ 10,218,112</u>
Deferred outflows of resources			
Pension deferrals	<u>\$ 346,515</u>	<u>\$ 25,195</u>	<u>\$ 371,710</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 13,214	\$ 4,929	\$ 18,143
Liabilities payable from restricted assets		7,993	7,993
Current portion of long-term liabilities	<u>82,867</u>	<u>40,322</u>	<u>123,189</u>
Total current liabilities	<u>96,081</u>	<u>53,244</u>	<u>149,325</u>
Long-term liabilities:			
Total pension liability	78,018		78,018
Net pension liability	497,390	40,802	538,192
Due in more than one year	<u>837,750</u>	<u>220,837</u>	<u>1,058,587</u>
Total long-term liabilities	<u>1,413,158</u>	<u>261,639</u>	<u>1,674,797</u>
Total liabilities	<u>\$ 1,509,239</u>	<u>\$ 314,883</u>	<u>\$ 1,824,122</u>
Deferred inflows of resources			
Pension deferrals	<u>\$ 77,074</u>	<u>\$ 1,298</u>	<u>\$ 78,372</u>
Net position			
Net investment in capital assets	\$ 5,230,564	\$ 1,064,348	\$ 6,294,912
Restricted:			
Stabilization by State Statute	646,418		646,418
Streets	49,603		49,603
Open Space	14,868		14,868
ARPA	73,127		73,127
Unrestricted	<u>702,196</u>	<u>906,204</u>	<u>1,608,400</u>
Total net position	<u>\$ 6,716,776</u>	<u>\$ 1,970,552</u>	<u>\$ 8,687,328</u>

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

TOWN OF MONTREAT, NORTH CAROLINA

Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 591,433	\$ 99,279	\$ 159,992	\$	\$ (332,162)	\$	\$ (332,162)
Public safety	458,819	2,027			(456,792)		(456,792)
Transportation	782,290		47,391		(734,899)		(734,899)
Environmental protection	141,091	13,625			(127,466)		(127,466)
Cultural and recreation	25,600		17,159		(8,441)		(8,441)
Interest on long-term debt	25,280				(25,280)		(25,280)
Total governmental activities	<u>2,024,513</u>	<u>114,931</u>	<u>224,542</u>		<u>(1,685,040)</u>		<u>(1,685,040)</u>
Business-type activities:							
Water	369,706	349,978				(19,728)	(19,728)
Total business-type activities	<u>369,706</u>	<u>349,978</u>				<u>(19,728)</u>	<u>(19,728)</u>
Total primary government	<u>\$ 2,394,219</u>	<u>\$ 464,909</u>	<u>\$ 224,542</u>	<u>\$</u>	<u>(1,685,040)</u>	<u>(19,728)</u>	<u>(1,704,768)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose							
Sales taxes							
Other taxes							
Unrestricted investment earnings							
Gain on sale of capital assets							
Miscellaneous							
Total general revenues before transfers							
Transfers							
Change in net position							
Net position, beginning							
Net position, ending							

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

Exhibit 3

TOWN OF MONTREAT, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2023

	Major Fund		
	General Fund	Total Nonmajor Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 993,436	\$ 255,510	\$ 1,248,946
Taxes receivable, net	195,406		195,406
Other receivables, net	451,834		451,834
Restricted cash	47,892		47,892
Total assets	<u>\$ 1,688,568</u>	<u>\$ 255,510</u>	<u>\$ 1,944,078</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 9,638	\$ 320	\$ 9,958
Deferred inflows of resources			
Property taxes receivable	822		822
Fund balances			
Restricted:			
Stabilization by State statute	646,418		646,418
Streets	49,603		49,603
Open Space	14,868		14,868
ARPA		73,127	73,127
Committed	20,115	182,063	202,178
Unassigned	947,104		947,104
Total fund balances	<u>1,678,108</u>	<u>255,190</u>	<u>1,933,298</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,688,568</u>	<u>\$ 255,510</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Gross capital assets at historical cost	7,794,305
Accumulated depreciation	(1,781,809)

Deferred outflows of resources related to pensions are not reported in the funds	346,515
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Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:

Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)	(82,867)
Net pension liability	(497,390)
Total pension liability	(78,018)
Installment purchases	(837,750)

Deferred inflows of resources related to pensions are not reported in the funds	(77,074)
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Deferred inflows of resources related taxes receivable	822
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Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds	(3,256)
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Net position of governmental activities	<u>\$ 6,716,776</u>
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The notes to the financial statements are an integral part of this statement.

Exhibit 4

TOWN OF MONTREAT, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>Major Fund</u>		
	<u>General</u>	<u>Total</u>	<u>Total</u>
	<u>Fund</u>	<u>Nonmajor</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Funds</u>
Revenues			
Ad valorem taxes	\$ 1,260,258	\$	\$ 1,260,258
Other taxes and licenses	605,434		605,434
Unrestricted intergovernmental	104,795	17,159	121,954
Restricted intergovernmental	67,254	138,634	205,888
Permits and fees	114,931		114,931
Investment earnings	860	32	892
Miscellaneous	<u>3,080</u>		<u>3,080</u>
Total revenues	<u>2,156,612</u>	<u>155,825</u>	<u>2,312,437</u>
Expenditures			
Current:			
General government	482,019	12,170	494,189
Public safety	419,256		419,256
Transportation	634,015		634,015
Environmental protection	136,698		136,698
Cultural and recreation	14,098		14,098
Debt service:			
Principal	82,867		82,867
Interest and other charges	<u>25,280</u>		<u>25,280</u>
Total expenditures	<u>1,794,233</u>	<u>12,170</u>	<u>1,806,403</u>
Excess (deficiency) of revenues over expenditures	<u>362,379</u>	<u>143,655</u>	<u>506,034</u>
Other financing sources			
Sale of capital assets	9,601		9,601
Transfers from (to) other funds	<u>142,723</u>	<u>(166,982)</u>	<u>(24,259)</u>
Total other financing sources (uses)	<u>152,324</u>	<u>(166,982)</u>	<u>(14,658)</u>
Net change in fund balance	514,703	(23,327)	491,376
Fund balances, beginning	<u>1,163,405</u>	<u>278,517</u>	<u>1,441,922</u>
Fund balances, ending	<u>\$ 1,678,108</u>	<u>\$ 255,190</u>	<u>\$ 1,933,298</u>

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

Exhibit 4 (cont.)

TOWN OF MONTREAT, NORTH CAROLINA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

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

Net changes in fund balances - total governmental funds	\$ 491,376
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	
Capital outlay expenditures which were capitalized	5,117
Depreciation expense for governmental assets	(199,125)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	74,309
Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities	(6,416)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Decrease in unavailable revenue for tax revenues	526
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net affect of these differences in the treatment of long-term debt and related items	
Principal payments on long-term debt	82,867
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(45,579)
Pension expense	(129,283)
Total changes in net position of governmental activities	\$ 273,792

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

Exhibit 5

TOWN OF MONTREAT, NORTH CAROLINA

General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023**

	Original Budget	Final Budget	Actual Amounts	Variance with final budget- positive (negative)
Revenues				
Ad valorem taxes	\$ 1,233,700	\$ 1,233,700	\$ 1,260,258	\$ 26,558
Other taxes and licenses	434,100	434,100	605,434	171,334
Unrestricted intergovernmental	263,300	286,207	104,795	(181,412)
Restricted intergovernmental	45,000	45,000	67,254	22,254
Permits and fees	96,600	96,600	114,931	18,331
Investment earnings	421	421	860	439
Miscellaneous	<u>1,435</u>	<u>1,435</u>	<u>3,080</u>	<u>1,645</u>
Total revenues	<u>2,074,556</u>	<u>2,097,463</u>	<u>2,156,612</u>	<u>59,149</u>
Expenditures				
Current:				
General government	546,406	534,906	482,019	52,887
Public safety	433,974	434,857	414,139	20,718
Transportation	448,676	668,082	634,015	34,067
Environmental protections	136,900	136,901	136,698	203
Cultural and recreation	23,050	23,045	14,098	8,947
Debt service:				
Principal	16,200	82,867	82,867	
Interest and other charges	1,400	26,680	25,280	1,400
Capital outlay	<u>334,000</u>	<u>148,117</u>	<u>5,117</u>	<u>143,000</u>
Total expenditures	<u>1,940,606</u>	<u>2,055,455</u>	<u>1,794,233</u>	<u>261,222</u>
Revenues over (under) expenditures	<u>133,950</u>	<u>42,008</u>	<u>362,379</u>	<u>320,371</u>
Other financing sources (uses)				
Sale of capital assets			9,601	9,601
Transfer (to) from other funds	<u>(133,950)</u>	<u>(42,008)</u>	<u>142,723</u>	<u>184,731</u>
Total other financing sources (uses)	<u>(133,950)</u>	<u>(42,008)</u>	<u>(152,324)</u>	<u>194,332</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	514,703	<u>\$ 514,703</u>
Fund balance, beginning			<u>1,163,405</u>	
Fund balance, ending			<u>\$ 1,678,108</u>	

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

Exhibit 6**TOWN OF MONTREAT, NORTH CAROLINA**

Statement of Fund Net Position
Proprietary Fund
June 30, 2023

	Major Enterprise Fund <u>Water Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 722,197
Accounts receivable (net)	31,180
Other receivables	158,121
Inventories	16,540
Restricted cash and cash equivalents	<u>7,993</u>
Total current assets	<u>936,031</u>
Noncurrent assets:	
Land and construction in process	367,968
Capital assets, net of depreciation	<u>957,539</u>
Total noncurrent assets	<u>1,325,507</u>
Total assets	<u>\$ 2,261,538</u>
Deferred outflows of resources	
Pension deferrals	<u>\$ 25,195</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 4,929
Installment purchases, current	40,322
Liabilities payable from restricted assets:	
Customer deposits	<u>7,993</u>
Total current liabilities	<u>53,244</u>
Noncurrent liabilities:	
Installment purchases	220,837
Net pension liability	<u>40,802</u>
Total noncurrent liabilities	<u>261,639</u>
Total liabilities	<u>\$ 314,883</u>
Deferred inflows of resources	
Pension deferrals	<u>\$ 1,298</u>
Net position	
Net investment in capital assets	\$ 1,064,348
Unrestricted	<u>906,204</u>
Total net position	<u>\$ 1,970,552</u>

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

Exhibit 7**TOWN OF MONTREAT, NORTH CAROLINA**

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2023

	Major Enterprise Fund <u>Water Fund</u>
Operating revenues	
Charges for services	\$ 297,750
Other operating revenues	<u>52,228</u>
Total operating revenues	<u>349,978</u>
Operating expenses	
Water operations	284,560
Depreciation	<u>82,237</u>
Total operating expenses	<u>366,797</u>
Operating loss	<u>(16,819)</u>
Nonoperating revenues (expenses)	
Investment earnings	287
Interest expense	<u>(2,909)</u>
Total non-operating expenses	<u>(2,622)</u>
Loss before transfers	(19,441)
Transfers	<u>24,259</u>
Change in net position	4,818
Beginning net position	<u>1,965,734</u>
Total net position, ending	<u>\$ 1,970,552</u>

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

Exhibit 8

TOWN OF MONTREAT, NORTH CAROLINA

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2023

	Major Enterprise Fund <u>Water Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 187,129
Cash paid for goods and services	(200,983)
Cash paid to or on behalf of employees for services	<u>(77,581)</u>
Net cash provided by operating activities	<u>(91,435)</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(47,512)
Principal payment on long-term debt	(40,322)
Interest payment on long-term debt	<u>(2,909)</u>
Net cash used by capital and related financing activities	<u>(90,743)</u>
Cash flows from investing activities	
Transfers	24,259
Interest received	<u>287</u>
Net cash used by capital and related financing activities	<u>24,546</u>
Net decrease in cash and cash equivalents	(157,632)
Balances, beginning	<u>887,822</u>
Balances, ending	<u>\$ 730,190</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (16,819)
Depreciation	82,237
Changes in assets and liabilities:	
Increase in accounts receivable	(5,335)
Increase in other receivables	(158,121)
Increase in accounts payable and accrued liabilities	1,375
Increase in customer deposits	607
Increase in net pension liability	29,025
Increase in deferred outflows of resources - pensions	(7,909)
Decrease in deferred inflows of resources - pensions	<u>(16,495)</u>
Net cash provided by operating activities	<u>\$ (91,435)</u>

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

TOWN OF MONTREAT, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2023

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Town of Montreat 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 of Montreat (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 specific 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 specific program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* - are presented. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

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.

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 custodial assets and liabilities within the water fund. The Town collects sewer charges that are required to be remitted to the Metropolitan Sewerage District (MSD). These funds are typically held for less than three months.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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 and sewer system.

Note 1 - Summary of Significant Accounting Policies (continued)

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. Issuance of general long-term debt and acquisitions under 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.

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.

Note 1 - Summary of Significant Accounting Policies (continued)

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 generally reported at fair value. The NCCMT, which consists of an SEC-registered mutual fund (the Government Portfolio), is authorized by G.S. 159-30(c)(8). The Government Portfolio, which invests in treasuries, government agencies, and collateralized repurchase agreements, is a money market mutual fund (2a7) and maintains an AAAM rating from S&P and AAAMf by Moody's Investor Service. It is reported at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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 outlined in G.S. 136-41.1 through 136-41.4.

Note 1 - Summary of Significant Accounting Policies (continued)

Restricted cash at June 30, 2023 consists of the following:

Governmental activities:

General Fund:

Streets	\$ 49,603
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Business-type activities:

Water Fund:

Customer deposits	7,993
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Total restricted cash	<u>\$ 57,596</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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2022. 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.

6. Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recognized as expenditures as used rather than when purchased. 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.

Note 1 - Summary of Significant Accounting Policies (continued)

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000; \$5,000 computer software and computer equipment \$500. 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 the road network and water system assets 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 functionality of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Improvements	25
Equipment and furniture	10
Vehicles	6
Computer equipment	3

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. For the 2023 fiscal year, the Town has one item that meets this criterion, pension deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category - property taxes receivable 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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 governmentwide 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 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 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:

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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, 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.

The Town of Montreat has also 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 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.

12. Defined Benefit Cost-Sharing Plans

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

Note 2 - Stewardship, Compliance, and Accountability

The Town does not have any instances of stewardship, compliance, or accountability violations to report for the fiscal year ended June 30, 2023.

Note 3 - Detail Notes on All Funds

A. Assets

1. Deposits

All 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 Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the 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, 2023, the Town's deposits had a carrying amount of \$2,046,885 and a bank balance of \$2,134,456. Of the bank balance, \$514,386 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2023, the Town's petty cash fund totaled \$250.

2. Investments

At June 30, 2023, the Town had \$14,386 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's (S&P). The Town has no policy regarding credit risk.

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2023, are net of the following allowances for doubtful accounts:

Water fund - accounts receivable	\$ <u>1,748</u>
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Note 3 - Detail Notes on All Funds (continued)

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,057,505	\$	\$	\$ 1,057,505
Capital assets being depreciated:				
Buildings	2,425,927			2,425,927
Improvements	59,507			59,507
Infrastructure	3,549,684			3,549,684
Equipment	188,001	5,117		193,118
IT equipment	63,995			63,995
Vehicles	465,889		21,320	444,569
Total capital assets being depreciated	<u>6,753,003</u>	<u>\$ 5,117</u>	<u>\$ 21,320</u>	<u>6,736,800</u>
Less accumulated depreciation for:				
Buildings	95,315	\$ 48,528	\$	143,843
Improvements	55,610	1,462		57,072
Infrastructure	872,782	109,599		982,381
Equipment	100,625	13,287		113,912
IT equipment	59,864	4,129		63,993
Vehicles	419,808	22,120	21,320	420,608
Total accumulated depreciation	<u>1,604,004</u>	<u>\$ 199,125</u>	<u>\$ 21,320</u>	<u>1,781,809</u>
Total capital assets being depreciated, net	<u>5,148,999</u>			<u>4,954,991</u>
Governmental activity capital assets, net	<u>\$ 6,206,504</u>			<u>\$ 6,012,496</u>

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

General government	\$ 61,158
Public safety	6,248
Transportation	120,217
Cultural and recreation	11,502
Total depreciation expense	<u>\$ 199,125</u>

Note 3 - Detail Notes on All Funds (continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 367,968	\$	\$	\$ 367,968
Capital assets being depreciated:				
Buildings	142,110			142,110
Improvements	601,155			601,155
Infrastructure	2,064,611			2,064,611
Equipment	116,635	47,512		164,147
IT equipment	29,453			29,455
Vehicles	26,514			26,514
Total capital assets being depreciated	<u>2,980,478</u>	<u>\$ 47,512</u>	<u>\$</u>	<u>3,027,990</u>
Less accumulated depreciation for:				
Buildings	81,695	\$ 3,553	\$	85,248
Improvements	183,071	19,909		202,980
Infrastructure	1,570,405	54,521		1,624,926
Equipment	100,702	2,362		103,064
IT equipment	25,827	1,892		27,719
Vehicles	26,514			26,514
Total accumulated depreciation	<u>1,988,214</u>	<u>\$ 82,237</u>	<u>\$</u>	<u>2,070,451</u>
Total capital assets being depreciated, net	<u>992,264</u>			<u>957,539</u>
Water fund capital assets, net	<u>\$ 1,360,232</u>			<u>\$ 1,325,507</u>

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental 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 Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The state's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Note 3 - Detail Notes on All Funds (continued)

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined at 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters or 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's contractually required contribution rate for the year ended June 30, 2023, was 13.04% of compensation for law enforcement officers and 12.16% 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 were \$74,378, for the year ended June 30, 2023.

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.

Note 3 - Detail Notes on All Funds (continued)

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

At June 30, 2023, the Town reported a liability of \$538,192, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, 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, 2022, (measurement date), the Town's proportion was 0.00954%, which was an increase of 0.00002% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$145,016. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,190	\$ 2,274
Changes of assumptions	53,700	
Net difference between projected and actual earnings on pension plan investments	177,878	
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,248	14,852
Town contributions subsequent to the measurement date	74,309	
Total	<u>\$ 332,325</u>	<u>\$ 17,126</u>

\$74,309 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 ended June 30, 2023.

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2024	\$ 74,427
2025	65,012
2026	16,706
2027	84,744
2028	-
Thereafter	-

Note 3 - Detail Notes on All Funds (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of an actuarial experience study for the period January 1, 2011, through December 31, 2015.

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.

Note 3 - Detail Notes on All Funds (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100%	

This information above is based on 30-year expectations developed with the consulting actuary for the 2021 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 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 6.50 percent, 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 971,368	\$ 538,192	\$ 181,231

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

Note 3 - Detail Notes on All Funds (continued)

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 retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2021, the valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Active plan members	<u>4</u>
Total	<u>5</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 criteria which are outlined in GASB Statement 73.

(3) Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.31 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2022.

Note 3 - Detail Notes on All Funds (continued)

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

(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 \$6,416 as benefits became due for the reporting period.

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

At June 30, 2023, the Town reported a total pension liability of \$78,018. The total pension liability was measured as of December 31, 2022, based on a December 31, 2021, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$8,475.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,665	\$ 52,786
Changes of assumptions	22,304	8,460
Town benefit payments and plan administrative expense made subsequent to the measurement date	6,416	
Total	<u>\$ 39,385</u>	<u>\$ 61,246</u>

\$6,416 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ (1,564)
2024	(3,973)
2025	(13,989)
2026	(7,293)
2027	(1,458)
Thereafter	-

Note 3 - Detail Notes on All Funds (continued)

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 4.31 percent, 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	\$ 82,255	\$ 78,018	\$ 74,062

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	2023
Beginning balance	\$ 119,706
Service Cost	6,517
Interest on the total pension liability	2,549
Difference between expected and actual experience	(28,879)
Changes of assumptions or other inputs	(9,044)
Benefit payments	(12,831)
Ending balance of the total pension liability	<u>\$ 78,018</u>

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, 2021, valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

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

Note 3 - Detail Notes on All Funds (continued)

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 145,016	\$ 8,475	\$ 153,491
Pension Liability	538,192	78,018	616,210
Proportionate share of net pension liability	0.00954%	n/a	
Deferred Outflows of Resources:			
Differences between expected and actual experience	23,190	10,665	33,855
Changes of assumptions	53,700	22,304	76,004
Net difference between projected and actual earnings on plan investments	177,878		177,878
Changes in proportion and differences between contributions and proportionate share of contributions	3,248		3,248
Benefit payments and administrative costs paid subsequent to the measurement date	74,309	6,416	80,725
Deferred Inflows of Resources:			
Differences between expected and actual experience	2,274	52,786	55,060
Changes of assumptions		8,460	8,460
Changes in proportion and differences between contributions and proportionate share of contributions	14,852		14,852

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's ACFR 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. The Town made contributions of \$12,013 for the reporting year. No amounts were forfeited.

The Town has extended a similar benefit to general employees. The Town made contributions of \$17,701 for the reporting year. No amounts were forfeited.

Note 3 - Detail Notes on All Funds (continued)

2. 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.

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources in the Statement of Net Position are comprised of the following:

Contributions to pension plan in the current fiscal year	\$	74,309
Benefit payments and administrative expense for		
LEOSSA made subsequent to the measurement date		6,416
Differences between expected and actual experience		33,855
Changes of assumptions		76,004
Net difference between projected and actual		
earnings on plan investments		177,878
Changes in proportion and differences between		
contributions and proportionate share of contributions		3,248
Total	\$	<u>371,710</u>

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

	<u>Statement of</u> <u>Net Position</u>	<u>General Fund</u> <u>Balance Sheet</u>
Property tax receivable	\$	\$ 822
Differences between expected and actual experience	55,060	
Changes of assumptions	8,460	
Changes in employer contributions and proportionate	14,852	
Total	<u>\$ 78,372</u>	<u>\$ 822</u>

Note 3 - Detail Notes on All Funds (continued)

4. 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. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical 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 from 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.

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 Administrator and the Finance Officer are each individually bonded for \$50,000. The Town Clerk is bonded for \$10,000.

5. Claims, Judgments, and Contingent Liabilities

At June 30, 2023, the Town was not a defendant to any lawsuits.

Note 3 - Detail Notes on All Funds (continued)

6. Long-Term Obligations

a. Installment Purchases

The Town's installment purchases serviced by the General Fund at June 30, 2023 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 bears interest at 2.12% and is payable in 10 annual installments beginning in November 2016. Secured by a deed of trust. \$ 48,600

In June 2019, the Town entered into a note with a private banking institution for \$1,000,000, to finance the construction of a Town Hall. The note bears interest at 3.16% and is payable in 15 annual installments beginning in June 2020. Secured by a deed of trust. 733,332

Total installment purchases - General Fund \$ 781,932

Annual debt service requirements to maturity for installment purchases serviced by the General Fund are as follows:

<u>Years Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 82,867	\$ 26,673
2025	82,867	24,218
2026	82,867	21,765
2027	66,667	18,960
2028	66,667	16,853
2029-2033	333,330	46,347
2033-2034	<u>66,667</u>	<u>12,640</u>
Total	<u>\$ 781,932</u>	<u>\$ 167,456</u>

Note 3 - Detail Notes on All Funds (continued)

The Town's installment purchases serviced by the Water Fund at June 30, 2023, are comprised of the following individual issues:

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 bears interest at 2.12% and is payable in 10 annual installments beginning in November 2016. Secured by a deed of trust. \$ 41,400

Drinking Water State Revolving Loan 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 has three parts: parts one and two are interest free, and part three bears interest at a 2.22%. The notes are payable in 20 annual installments beginning at the time the project is completed. Unsecured. 219,759

Total installment purchases - Water Fund \$ 261,159

Annual debt service requirements to maturity for installment purchases serviced by the Water Fund are as follows:

<u>Years Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 40,322	\$ 4,683
2025	40,322	4,096
2026	40,322	2,618
2027	26,522	2,327
2028	26,522	2,036
2029-2033	<u>87,149</u>	<u>5,818</u>
Total	<u>\$ 261,159</u>	<u>\$ 21,578</u>

Note 3 - Detail Notes on All Funds (continued)**b. Changes in Long-Term Liabilities**

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 864,799	\$	\$ 82,867	\$ 781,932	\$ 82,867
Total pension liability (LEO)	119,706		41,688	78,018	
Net pension liability (LGERS)	134,221	363,169		497,390	
Compensated absences	<u>93,106</u>	<u>45,579</u>		<u>138,685</u>	
Governmental activities long-term liabilities	<u>\$ 1,211,832</u>	<u>\$ 408,748</u>	<u>\$ 124,555</u>	<u>\$ 1,496,025</u>	<u>\$ 82,867</u>
Business-type activities:					
Installment purchases	\$ 301,481	\$	\$ 40,322	\$ 261,159	\$ 40,322
Net pension liability (LGERS)	<u>11,777</u>	<u>29,025</u>		<u>40,802</u>	
Business-type activities long-term liabilities	<u>\$ 313,258</u>	<u>\$ 29,025</u>	<u>\$ 40,322</u>	<u>\$ 301,961</u>	<u>\$ 40,322</u>

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2023, consist of the following to close out the funds:

From the Culvert project fund to the General Fund	\$ 525
From the Public Works fund to the General Fund	5,496
From the Urban Forestry 2018 Fund to the General Fund	4,159
From the Urban Forestry 2019 Fund to the General Fund	7,762
From the Greybeard fund to the General Fund	4,400
From the CARES Act fund to the General Fund	1,176
From the ARPA fund to the General Fund	148,767

Additional Transfers to/from other funds:

From the General Fund to the Miscellaneous Projects Fund for capital project expenditures	5,843
Total	<u>\$ 178,128</u>

D. Net Investment in Capital Assets

The Town's net investment in capital assets at June 30, 2023, is calculated as follows:

	Governmental	Business-type
Capital assets	\$ 6,012,496	\$ 1,325,507
Less: installment purchases	<u>(781,932)</u>	<u>(261,159)</u>
Net investment in capital assets	<u>\$ 5,230,564</u>	<u>\$ 1,064,348</u>

Note 3 - Detail Notes on All Funds (continued)

E. Fund Balance

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

Total fund balance - General Fund	\$ 1,678,108
Less:	
Stabilization by State Statute	(646,418)
Restricted for streets	(49,603)
Restricted for open space	(14,868)
Committed	(20,115)
Working capital / fund balance policy	<u>(719,409)</u>
Remaining fund balance	<u>\$ 227,695</u>

The Town 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 available fund balance is at least equal to or greater than 35% of final budgeted expenditures. The Town is in compliance with this policy at June 30, 2023.

Note 4 - Summary 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 moneys.

The Town has paid legal fees of approximately \$61,000 during the fiscal year ended June 30, 2023. These fees have been incurred in responding to issues related to the construction of a new hotel within town limits. Management has evaluated the risk of loss and has determined that the Town is not a risk.

Note 5 - Significant Effects of Subsequent Events

Management has evaluated subsequent events through November 3, 2023, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MONTREAT, NORTH CAROLINA

Schedule of the Proportionate Share of Net Pension Liability Local Government Employees' Retirement System Last Nine Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Montreat's proportion of the net pension liability (asset) (%)	0.00954%	0.00952%	0.00925%	0.01051%	0.00797%	0.00926%	0.00946%	0.01067%	0.00934%
Montreat's proportion of the net pension liability (asset) (\$)	\$ 538,192	\$ 145,998	\$ 330,542	\$ 287,020	\$ 189,076	\$ 141,467	\$ 200,773	\$ 47,886	\$ (55,082)
Montreat's covered payroll	\$ 594,272	\$ 601,834	\$ 605,136	\$ 656,351	\$ 546,381	\$ 595,751	\$ 623,948	\$ 631,711	\$ 587,628
Montreat's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	90.56%	24.26%	54.62%	43.73%	34.61%	23.75%	32.18%	7.58%	(9.37%)
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	99.07%

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

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

TOWN OF MONTREAT, NORTH CAROLINA

Schedule of Contributions										
Local Government Employees' Retirement System										
Last Eight Fiscal Years*										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 74,309	\$ 69,816	\$ 62,244	\$ 60,543	\$ 43,456	\$ 42,845	\$ 45,161	\$ 43,897	\$ 45,387	
Contributions in relation to the contractually required contribution	74,309	69,816	62,244	60,543	43,456	42,845	45,161	43,897	45,387	
Contribution deficiency	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Covered payroll	\$ 594,272	\$ 601,834	\$ 605,136	\$ 656,351	\$ 546,381	\$ 595,751	\$ 623,948	\$ 631,711	\$ 587,628	
Contributions as a percentage of covered payroll	12.50%	11.60%	10.29%	9.22%	8.08%	7.84%	7.58%	7.04%	7.18%	

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

TOWN OF MONTREAT, NORTH CAROLINA

Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance Last Seven Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 119,706	\$ 196,644	\$ 145,236	\$ 154,885	\$ 59,532	\$ 77,602	\$ 70,293
Service cost	6,517	7,555	4,244	4,168	2,736	5,494	5,389
Interest on the total pension liability	2,549	3,473	4,190	5,029	1,353	2,635	2,509
Difference between expected and actual experience	(28,879)	(52,477)	21,634	12,192	127,434	(15,203)	
Changes of assumptions or other inputs	(9,044)	(2,059)	54,770	2,392	(2,740)	7,661	(589)
Benefit payments	(12,831)	(33,430)	(33,430)	(33,430)	(33,430)	(18,657)	
Ending balance of the total pension liability	\$ 78,018	\$ 119,706	\$ 196,644	\$ 145,236	\$ 154,885	\$ 59,532	\$ 77,602

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

TOWN OF MONTREAT, NORTH CAROLINA

Schedule of Total Pension Liability as a Percentage of Covered Payroll Law Enforcement Officers' Special Separation Allowance Last Seven Fiscal Years

	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 78,018	\$ 119,706	\$ 196,644	\$ 145,236	\$ 154,885	\$ 59,532	\$ 77,602
Covered payroll	255,276	247,445	233,551	237,346	181,374	240,642	227,806
Total pension liability as a percentage of covered payroll	30.56%	48.38%	84.20%	61.19%	85.40%	24.74%	34.06%

Notes to the schedule

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.

The pension schedules are intended to show information for ten years; additional years' information will be displayed as it becomes available.

**INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

TOWN OF MONTREAT, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes:			
Current year taxes	\$ 1,233,700	\$ 1,260,258	\$ 26,558
Total	<u>1,233,700</u>	<u>1,260,258</u>	<u>26,558</u>
Other taxes and licenses:			
Local sales tax	<u>434,100</u>	<u>605,434</u>	<u>171,334</u>
Unrestricted intergovernmental			
Utility franchise tax	85,000	99,560	14,560
Solid waste disposal	650	758	108
Beer and wine tax	3,650	4,477	827
Powell Bill fund	<u>196,907</u>	<u></u>	<u>(196,907)</u>
Total	<u>286,207</u>	<u>104,795</u>	<u>(181,412)</u>
Restricted intergovernmental:			
Grant proceeds		19,863	19,863
Powell Bill allocation	<u>45,000</u>	<u>47,391</u>	<u>2,391</u>
Total	<u>45,000</u>	<u>67,254</u>	<u>22,254</u>
Permits and fees:			
Community service fees	35,000	43,119	8,119
Building permits	45,000	52,496	7,496
Public safety charges	3,300	2,027	(1,273)
Sanitation fees	6,300	7,820	1,520
Zoning permits	3,000	3,465	465
Other	<u>4,000</u>	<u>6,004</u>	<u>2,004</u>
Total	<u>96,600</u>	<u>114,931</u>	<u>18,331</u>
Investment earnings	<u>421</u>	<u>860</u>	<u>439</u>
Other income:			
Miscellaneous		1,585	1,585
Contributions	<u>1,435</u>	<u>1,495</u>	<u>60</u>
Total	<u>1,435</u>	<u>3,080</u>	<u>1,645</u>
Total revenues	<u>2,097,463</u>	<u>2,156,612</u>	<u>59,149</u>

TOWN OF MONTREAT, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (continued) For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures			
General government:			
Governing Body:			
Salaries and employee benefits	\$ 16,950	\$ 10,550	\$ 6,400
Operating expenses	4,700	3,970	730
Professional services	28,500	28,500	
Reimbursement - proprietary funds	(4,578)	(4,578)	
Total	<u>45,572</u>	<u>38,442</u>	<u>7,130</u>
Administration:			
Salaries and employee benefits	296,119	257,783	38,336
Operating expenses	88,977	85,195	3,782
Professional services	113,229	111,746	1,483
Reimbursement - proprietary funds	(36,628)	(36,628)	
Total	<u>461,697</u>	<u>418,096</u>	<u>43,601</u>
Public Buildings:			
Operating expenses	38,625	36,469	2,156
Reimbursement - proprietary funds	(10,988)	(10,988)	
Total	<u>27,637</u>	<u>25,481</u>	<u>2,156</u>
Total general government	<u>534,906</u>	<u>482,019</u>	<u>52,887</u>
Public safety:			
Police Department:			
Salaries and employee benefits	392,028	374,187	17,841
Operating expenses	42,829	39,952	2,877
Capital outlay	5,117	5,117	
Total public safety	<u>439,974</u>	<u>419,256</u>	<u>20,718</u>
Transportation:			
Planning and zoning:			
Operating expenses	4,110	4,110	
Professional services	98,090	91,226	6,864
Total	<u>102,200</u>	<u>95,336</u>	<u>6,864</u>
Public Works:			
Salaries and employee benefits	110,069	110,069	
Operating expenses	16,680	16,512	168
Reimbursement - proprietary funds	(9,157)	(9,157)	
Total	<u>117,592</u>	<u>117,424</u>	<u>168</u>

TOWN OF MONTREAT, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (continued) For the Year Ended June 30, 2023

	Budget	Actual	Variance Positive (Negative)
Streets:			
Salaries and employee benefits	\$ 132,237	\$ 132,237	\$
Operating expenses	346,270	319,235	27,035
Reimbursement - proprietary funds	(30,217)	(30,217)	
Capital outlay	<u>143,000</u>		143,000
Total	<u>591,290</u>	<u>421,255</u>	<u>170,035</u>
 Total transportation	 <u>811,082</u>	 <u>634,015</u>	 <u>177,067</u>
Environmental protection:			
Sanitation:			
Salaries and employee benefits	58,540	58,540	
Operating expenses	23,781	23,781	
Professional services	<u>54,580</u>	<u>54,377</u>	203
Total	<u>136,901</u>	<u>136,698</u>	203
Cultural and recreation:			
Recreation Commission:			
Operating expenses	<u>23,045</u>	<u>14,098</u>	8,947
Debt service			
Principal retirement	82,867	82,867	
Interest and fees	<u>26,680</u>	<u>25,280</u>	1,400
Total debt services	<u>109,547</u>	<u>108,147</u>	1,400
Total expenditures	<u>2,055,455</u>	<u>1,794,233</u>	261,222
Revenues over (under) expenditures	<u>42,008</u>	<u>362,379</u>	320,371
Other financing sources (uses)			
Sale of capital assets		9,601	9,601
Transfer (to) from other funds	<u>(42,008)</u>	<u>142,723</u>	184,731
Total other financing sources (uses)	<u>(42,008)</u>	<u>152,324</u>	194,332
Net change in fund balance	<u>\$</u>	514,703	<u>\$ 514,703</u>
Fund balance, beginning		<u>1,163,405</u>	
Fund balance, ending		<u>\$ 1,678,108</u>	

TOWN OF MONTREAT, NORTH CAROLINA

Nonmajor Governmental Funds Combining Balance Sheet For the Year Ended June 30, 2023

	<u>ARPA</u>	<u>Landcare</u>	<u>Misc. Projects</u>	<u>Total</u>
Assets				
Cash and cash equivalents	<u>\$ 73,127</u>	<u>\$ 16,513</u>	<u>\$ 165,870</u>	<u>\$ 255,510</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable and accrued expenses	<u>\$</u>	<u>\$ 320</u>	<u>\$</u>	<u>\$ 320</u>
Fund balances:				
Committed:				
ARPA	73,127			73,127
Culture and recreation		16,193		16,193
Transportation			<u>165,870</u>	<u>165,870</u>
Total fund balances	<u>73,127</u>	<u>16,193</u>	<u>165,870</u>	<u>255,190</u>
Total liabilities and fund balances	<u>\$ 73,127</u>	<u>\$ 16,513</u>	<u>\$ 165,870</u>	<u>\$ 255,510</u>

TOWN OF MONTREAT, NORTH CAROLINA

Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance For the Year Ended June 30, 2023

	Culvert Project	Public Works	Urban Forestry 2018	Urban Forestry 2019	Landcare
Revenues					
Restricted intergovernmental	\$	\$	\$	\$	17,159
Unrestricted intergovernmental					
Miscellaneous					
Total revenues					
Expenditures					
General government					2,220
Transportation					
Public safety					
Cultural and recreation					2,220
Total expenditures					
Revenues over (under) expenditures					14,939
Other financing sources (uses)					
Transfers from (to) General Fund	(525)	(5,496)	(4,159)	(7,762)	
Net change in fund balances	(525)	(5,496)	(4,159)	(7,762)	14,939
Fund balances					
Beginning of year - July 1	525	5,496	4,159	7,762	1,254
End of year - June 30	\$	\$	\$	\$	\$ 16,193

TOWN OF MONTREAT, NORTH CAROLINA

Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (continued) For the Year Ended June 30, 2023

	Greybeard Project	Misc. Projects	CARES Act	ARPA	Total
Revenues					
Restricted intergovernmental	\$	\$	\$	\$ 138,634	\$ 138,634
Unrestricted intergovernmental					17,159
Miscellaneous				32	32
Total revenues				138,666	155,825
Expenditures					
General government		9,950			12,170
Transportation					
Principal					
Interest		9,950			12,170
Total expenditures					
Revenues over (under) expenditures		(9,950)		138,666	143,655
Other financing sources (uses)					
Transfers from (to) General Fund	(4,400)	5,843	(1,716)	(148,767)	(166,982)
Net change in fund balances	(4,400)	(4,107)	(1,716)	(10,101)	(23,327)
Fund balances					
Beginning of year - July 1	4,400	169,977	1,716	83,228	278,517
End of year - June 30	\$	\$ 165,870	\$	\$ 73,127	\$ 255,190

TOWN OF MONTREAT, NORTH CAROLINA

Public Works Capital Projects Fund

Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
Transportation:					
Professional services	\$ 82,975	\$ 29,497	\$	\$ 29,497	\$ 53,478
Capital outlay	320,914	368,896		368,896	(47,982)
Total expenditures	403,889	398,393		398,393	5,496
Other financing sources					
Transfers from (to) General Fund	403,889	403,889	(5,496)	403,889	
Net change in fund balance	\$	\$ 5,496	(5,496)	\$ 5,496	\$ 5,496
Fund balance, beginning			5,496		
Fund balance, ending	\$				

TOWN OF MONTREAT, NORTH CAROLINA

Culvert Project Special Revenue Fund Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual From Inception and for the Fiscal Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Expenditures					
General Government	\$ 865 \$	865 \$	\$	865 \$	
Transportation	38,935	38,410		38,410	525
Total expenditures	39,800	39,275		39,275	525
Revenues over (under) expenditures	(39,800)	(39,275)		(39,275)	525
Other financing sources (uses)					
Transfers from General Fund	39,800	39,800	(525)	39,275	(525)
Net change in fund balance	\$	\$ 525	(525) \$	\$	\$
Fund balance, beginning			525		
Fund balance, ending			\$		

TOWN OF MONTREAT, NORTH CAROLINA

CARES Act Special Revenue Fund Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual From Inception and for the Fiscal Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental	\$ 9,697	\$ 5,136	\$	\$ 5,136	\$ (4,561)
Expenditures					
Public safety	<u>9,697</u>	<u>5,136</u>		<u>5,136</u>	<u>4,561</u>
Revenues over (under) expenditures					
Other financing sources (uses)					
Transfers from General Fund		<u>1,716</u>	<u>(1,176)</u>		
Net change in fund balance	<u>\$</u>	<u>\$ 1,716</u>	<u>(1,176)</u>	<u>\$</u>	<u>\$</u>
Fund balance, beginning			<u>1,176</u>		
Fund balance, ending			<u>\$</u>		

TOWN OF MONTREAT, NORTH CAROLINA

Urban Forestry 2018 Special Revenue Fund Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual From Inception and for the Fiscal Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues	\$ 7,397	\$ 6,131	\$	\$ 6,131	\$ (1,266)
Restricted intergovernmental					
Expenditures					
Environmental Projection:					
Salaries and employee benefits	5,433				5,433
Operating	2,317	841		841	1,476
Professional services	2,250				2,250
Total expenditures	10,000	841		841	9,159
Revenues over (under) expenditures	(2,603)	5,290		5,290	7,893
Other financing sources (uses)					
Transfers (to) from General Fund	2,603	(1,131)	(4,159)	(5,290)	(7,893)
Net change in fund balance	\$	\$	(4,159)	\$	\$
Fund balance, beginning			4,519		
Fund balance, ending			\$		

TOWN OF MONTREAT, NORTH CAROLINA

Urban Forestry 2019 Special Revenue Fund Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual From Inception and for the Fiscal Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental	\$ (18,081)	\$	\$	\$	\$ 18,081
Expenditures					
Environmental Projection:					
Salaries and employee benefits	4,113	1,589		1,589	2,524
Operating	5,112	763		763	4,349
Professional services	889				889
Total expenditures	10,114	2,352		2,352	7,762
Revenues over (under) expenditures	(28,195)	(2,352)		(2,352)	25,843
Other financing sources (uses)					
Transfers (to) from General Fund	28,195	10,114	(7,762)	2,352	(25,843)
Net change in fund balance	\$	\$ 7,762	(7,762)	\$	\$
Fund balance, beginning			7,762		
Fund balance, ending			\$		

TOWN OF MONTREAT, NORTH CAROLINA

Landcare Special Revenue Fund Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual From Inception and for the Fiscal Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental	\$ 1,475	\$ 3,157	\$ 17,159	\$ 20,316	\$ 18,841
Expenditures					
Culture and recreation: Operating	750	1,178	2,220	3,378	(2,628)
Revenues over (under) expenditures	725	1,979	14,939	16,938	16,213
Other financing sources (uses)					
Transfers (to) from General Fund	(725)	(725)		(725)	
Net change in fund balance	\$	\$ 1,254	14,939	\$ 16,213	\$ 16,213
Fund balance, beginning			1,254		
Fund balance, ending		\$	16,193		

TOWN OF MONTREAT, NORTH CAROLINA

Miscellaneous Projects Special Revenue Fund Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual From Inception and for the Fiscal Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental	\$ 12,290	\$	\$	\$	\$ (12,290)
Expenditures					
Infrastructure:					
Capital outlay	214,747	45,770	9,950	55,720	159,027
Revenues over (under) expenditures	(202,457)	(45,770)	(9,950)	(55,720)	(146,737)
Other financing sources (uses)					
Transfers (to) from General Fund	202,457	215,747	5,843	221,590	(19,133)
Net change in fund balance	\$	\$ 169,977	(4,107)	\$ 165,870	\$ 165,870
Fund balance, beginning			169,977		
Fund balance, ending			\$ 165,870		

TOWN OF MONTREAT, NORTH CAROLINA

Greybeard Projects Special Revenue Fund Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual From Inception and for the Fiscal Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental	\$ 7,988	\$	\$	\$	\$ (7,988)
Expenditures					
Infrastructure:					
Capital outlay	242,760	234,696		234,696	8,064
Revenues over (under) expenditures	(234,772)	(234,696)		(234,696)	(76)
Other financing sources (uses)					
Transfers (to) from General Fund	234,772	239,096	(4,400)	234,696	(76)
Net change in fund balance	\$	\$ 4,400	(4,400)	\$	\$
Fund balance, beginning			4,400		
Fund balance, ending			\$		

TOWN OF MONTREAT, NORTH CAROLINA

ARPA Special Revenue Fund

Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2023

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Grant proceeds	\$ 138,633	\$ 138,633	\$ 138,634	\$ 277,267	\$ 138,634
Interest		18	32	50	50
Total revenues	<u>138,633</u>	<u>138,651</u>	<u>138,666</u>	<u>277,317</u>	<u>138,684</u>
Expenditures					
General government:					
Contract services	<u>96,000</u>	<u>55,423</u>		<u>55,423</u>	<u>40,577</u>
Revenues over (under) expenditures	42,633	83,228	138,666	221,894	179,261
Other financing sources (uses)					
Transfers (to) from General Fund	<u>(42,633)</u>		<u>(148,767)</u>	<u>(148,767)</u>	<u>(106,134)</u>
Net change in fund balance	\$	\$ <u>83,228</u>	(10,101)	\$ <u>73,127</u>	\$ <u>73,127</u>
Fund balance, beginning			<u>83,228</u>		
Fund balance, ending			\$ <u>73,127</u>		

TOWN OF MONTREAT, NORTH CAROLINA

Water Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating revenues:			
Charges for services	\$ 310,150	\$ 297,750	\$ (12,400)
Other	<u>73,809</u>	<u>52,228</u>	<u>(21,581)</u>
Total operating revenues	383,959	349,978	(33,981)
Non-operating revenues:			
Investment earnings	<u>34</u>	<u>287</u>	<u>253</u>
Total revenues	<u>383,993</u>	<u>350,265</u>	<u>(33,728)</u>
Expenditures			
Operating expenditures:			
Salaries and related	76,700	77,581	(881)
Repairs and maintenance	61,400	47,225	14,175
Other operating expenditures	<u>158,718</u>	<u>155,133</u>	<u>3,585</u>
Total expenditures	<u>296,818</u>	<u>279,939</u>	<u>16,879</u>
Debt services:			
Principal retirement	40,400	40,322	78
Interest and fees	<u>4,100</u>	<u>2,909</u>	<u>1,191</u>
Total debt services	<u>44,500</u>	<u>43,231</u>	<u>1,269</u>
Capital improvements		47,512	(47,512)
Total expenditures	<u>341,318</u>	<u>370,682</u>	<u>(29,364)</u>
Revenues over (under) expenditures	42,675	(20,417)	(63,092)
Other financing sources (uses)			
Transfer from general fund	<u>24,259</u>	<u>24,259</u>	
Revenues over expenditures and other financing sources	<u>\$ 66,934</u>	3,842	<u>\$ (63,092)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		40,322	
Capital outlay		47,512	
Increase in deferred outflows of resources - pensions		7,909	
Decrease in deferred inflows of resources - pensions		16,495	
Increase in net pension liability		(29,025)	
Depreciation		<u>(82,237)</u>	
Total reconciling items		<u>976</u>	
Change in net position		<u>\$ 4,818</u>	

OTHER SCHEDULES

TOWN OF MONTREAT, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable June 30, 2023

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022 - 2023	\$	\$ 1,260,784	\$ 1,259,962	\$ 822
2021 - 2022	192		192	
2020 - 2021				
2019 - 2020				
2018 - 2019				
2017 - 2018				
2016 - 2017				
2015 - 2016				
2014 - 2015				
2013 - 2014				
2012 - 2013	<u>192</u>			
	<u>\$ 192</u>	<u>\$ 1,260,784</u>	<u>\$ 1,260,154</u>	<u>822</u>
Ad valorem taxes receivable - net				<u>\$ 822</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 1,260,258
Reconciling items:				
Interest collected				<u>(104)</u>
Total tax collections and credits				<u>\$ 1,260,154</u>

TOWN OF MONTREAT, NORTH CAROLINA

Analysis of Current Tax Levy Town-Wide Levy June 30, 2023

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 292,962,030	0.43%	\$ 1,259,906	\$ 1,232,057	\$ 27,849
Exemptions					
Discoveries	203,856		877	877	
Total property valuation	<u>\$ 293,165,886</u>				
Net levy			<u>1,260,784</u>	<u>1,232,934</u>	<u>27,850</u>
Uncollected taxes at June 30, 2023			<u>822</u>	<u>775</u>	<u>47</u>
Current year's taxes collected			<u>\$ 1,259,962</u>	<u>\$ 1,232,159</u>	<u>\$ 27,803</u>
Current levy collection percentage			<u>99.93%</u>	<u>99.94%</u>	<u>99.83%</u>

TOWN OF MONTREAT, NORTH CAROLINA

Statistical Section

This part of the Town of Montreat's Annual Comprehensive Financial Report presents detailed and historical information as a context for understanding what the information in the financial statements, notes, and disclosures, and required supplementary information says about the Town's overall financial health.

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Sources: unless otherwise noted, the information in these tables is derived from the financial reports for the relevant year.

TOWN OF MONTREAT, NORTH CAROLINA

Table 1

	Net Position by Activity Governmental and Business-Type Functions									
	<u>FYE 2023</u>	<u>FYE 2022</u>	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>FYE 2019</u>	<u>FYE 2018</u>	<u>FYE 2017</u>	<u>FYE 2016</u>	<u>FYE 2015</u>	<u>FYE 2014</u>
Governmental Activities										
Net position:										
Net investment in capital assets	\$ 5,230,564	\$ 5,341,705	\$ 5,444,896	\$ 5,236,070	\$ 3,933,973	\$ 3,695,360	\$ 3,749,519	\$ 3,707,773	\$ 3,731,572	\$ 3,394,389
Restricted	710,889	249,692	239,171	212,689	405,906	390,961	330,586	294,400	267,742	255,216
Unrestricted	775,323	851,587	292,731	264,084	1,355,034	1,526,914	1,353,386	1,267,022	910,515	1,016,240
Subtotal, Governmental net position	<u>6,716,776</u>	<u>6,442,984</u>	<u>5,976,798</u>	<u>5,712,843</u>	<u>5,694,913</u>	<u>5,613,235</u>	<u>5,433,491</u>	<u>5,269,195</u>	<u>4,909,829</u>	<u>4,665,845</u>
Business-Type Activities										
Net position:										
Net investment in capital assets	1,064,348	1,058,751	1,084,229	1,082,388	1,070,467	1,038,682	1,032,219	1,020,541	1,180,864	1,036,410
Restricted										
Unrestricted	906,204	906,983	864,772	802,964	825,684	881,868	822,641	754,721	391,634	597,996
Subtotal, Business-Type net position	<u>1,970,552</u>	<u>1,965,734</u>	<u>1,949,001</u>	<u>1,885,352</u>	<u>1,896,151</u>	<u>1,920,550</u>	<u>1,854,860</u>	<u>1,775,262</u>	<u>1,572,498</u>	<u>1,634,406</u>
Total Primary Government										
Net position:										
Net investment in capital assets	6,294,912	6,400,456	6,529,125	6,318,458	5,004,440	4,734,042	4,781,738	4,728,314	4,912,436	4,430,799
Restricted	710,889	249,692	239,171	212,689	405,906	390,961	330,586	294,400	267,742	255,216
Unrestricted	1,681,527	1,758,570	1,157,503	1,067,048	2,180,718	2,408,782	2,176,027	2,021,743	1,302,149	1,614,236
Total net position	<u>\$ 8,687,328</u>	<u>\$ 8,408,718</u>	<u>\$ 7,925,799</u>	<u>\$ 7,598,195</u>	<u>\$ 7,591,064</u>	<u>\$ 7,533,785</u>	<u>\$ 7,288,351</u>	<u>\$ 7,044,457</u>	<u>\$ 6,482,327</u>	<u>\$ 6,330,251</u>

TOWN OF MONTREAT, NORTH CAROLINA

Table 2

Change in Net Position
Governmental Functions

	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
Revenues										
Program revenues:										
Charges for services:										
General government	\$ 99,279	\$ 94,433	\$ 54,549	\$ 92,100	\$ 99,068	\$ 88,002	\$ 89,095	\$ 86,153	\$ 79,484	\$ 102,254
Public safety	2,027	3,371	3,371	4,218	3,408	1,673	3,371	3,371	3,090	3,846
Environmental	13,625	14,611	10,507	10,491	7,516	5,109	6,521	14,472	447	388
Charges for services	114,931	112,415	68,427	106,809	109,992	94,784	98,987	103,996	83,021	106,488
Operating grants and contributions	224,542	195,269	257,147	48,479	262,302	152,413	147,450	164,985	135,379	108,380
Capital grants and contributions		19	2,705	2,600	79,504	2,787	3,694	155,346	36,977	360,088
General revenues:										
Taxes:										
Property taxes	1,260,784	1,244,477	1,079,096	1,015,155	1,008,941	1,000,700	974,695	962,972	968,042	970,716
Sales taxes	605,434	544,354	457,847	412,785						
Other taxes and licenses	104,795	93,730	93,117	95,091	414,136	406,038	402,651	390,699	356,952	332,403
Gain on sale of assets	9,601		2,111	33,417						
Investment earnings	892	796	487	1,582	4,263	4,395	3,643	1,709	1,073	1,629
Miscellaneous	1,585	7,207	3,022	54	2,212	5,453	6,115	2,116	10,362	194
Total revenues	2,322,564	2,198,267	1,963,959	1,715,972	1,881,350	1,666,570	1,637,235	1,781,823	1,591,806	1,879,898
Expenses										
General government	591,433	632,590	539,937	563,874	552,607	337,182	604,294	479,543	551,016	347,272
Public safety	458,819	385,378	460,939	491,583	440,675	358,436	439,093	450,926	415,119	418,288
Transportation	782,290	520,124	505,964	511,804	549,008	473,469	380,618	362,962	107,255	214,513
Environmental protection	141,091	130,640	134,919	129,150	126,867	117,305	96,173	12,343	1,587	162,683
Cultural and recreation	25,600	34,221	26,657	43,774	17,685	26,265	20,419	116,083	109,206	60,993
Interest on long-term debt	25,280	29,128	31,588	34,037	2,021	3,278	6,221	600		
Total expenses	2,024,513	1,732,081	1,700,004	1,774,222	1,688,863	1,315,935	1,546,818	1,422,457	1,184,183	1,203,749
Increase (decrease) in net position before transfers and special items										
Special item										
Transfers	298,051	466,186	263,955	(58,250)	192,487	350,635	90,417	359,366	407,623	676,149
	(24,259)					(170,891)				(45,614)
Increase (decrease) in net position	\$ 273,792	\$ 466,186	\$ 263,955	\$ (58,250)	\$ 192,487	\$ 179,744	\$ 90,417	\$ 359,366	\$ 407,623	\$ 630,535

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Table 3

		Change in Net Position Business-Type Functions									
		FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
Revenues											
Program revenues:											
Charges for services:											
Water	\$	349,978	\$ 347,544	\$ 340,336	\$ 325,553	\$ 346,654	\$ 333,751	\$ 351,697	\$ 450,882	\$ 320,392	\$ 346,006
Capital grants and contributions											
General revenues:											
Investment earnings		287	45	35	251	321	284	244	152	75	102
Miscellaneous							3,602				
Total revenues		<u>350,265</u>	<u>347,589</u>	<u>340,371</u>	<u>325,804</u>	<u>346,975</u>	<u>337,637</u>	<u>351,941</u>	<u>451,034</u>	<u>320,467</u>	<u>346,108</u>
Expenses											
Water		369,706	330,856	276,722	336,603	313,067	271,947	272,343	251,345	382,375	335,697
Total expenses		<u>369,706</u>	<u>330,856</u>	<u>276,722</u>	<u>336,603</u>	<u>313,067</u>	<u>271,947</u>	<u>272,343</u>	<u>251,345</u>	<u>382,375</u>	<u>335,697</u>
Increase (decrease) in net position before transfers		(19,441)	16,733	63,649	(10,799)	33,908	65,690	79,598	199,689	(61,908)	10,411
Transfers		<u>24,259</u>							<u>3,075</u>		<u>45,614</u>
Increase (decrease) in net position		<u>\$ 4,818</u>	<u>\$ 16,733</u>	<u>\$ 63,649</u>	<u>\$ (10,799)</u>	<u>\$ 33,908</u>	<u>\$ 65,690</u>	<u>\$ 79,598</u>	<u>\$ 202,764</u>	<u>\$ (61,908)</u>	<u>\$ 56,025</u>

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Table 4

Change in Net Position
Total Primary Government

	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
Revenues										
Program revenues:										
Charges for services:										
General government	\$ 99,279	\$ 94,433	\$ 54,549	\$ 92,100	\$ 99,068	\$ 88,002	\$ 89,095	\$ 86,153	\$ 79,484	\$ 102,254
Public safety	2,027	3,371	3,371	4,218	3,408	1,673	3,371	3,371	3,090	3,846
Environmental protection	13,625	14,611	10,507	10,491	7,516	5,109	6,521	14,472	447	388
Water	349,978	347,544	340,336	325,553	346,654	333,751	351,697	450,882	320,392	346,006
Charges for services	464,909	459,959	408,763	432,362	456,646	428,535	450,684	554,878	403,413	452,494
Operating grants and contributions	224,542	195,269	257,147	48,479	262,302	152,413	147,450	164,985	135,379	108,380
Capital grants and contributions		19	2,705	2,600	79,504	2,787	3,694	155,346	36,977	360,088
General revenues:										
Taxes:										
Property taxes	1,260,784	1,244,477	1,079,096	1,015,155	1,008,941	1,000,700	974,695	962,972	968,042	970,716
Sales taxes	605,434	544,354	457,847	412,785						
Other taxes and licenses	104,795	93,730	93,117	95,091	414,136	406,038	402,651	390,699	356,952	332,403
Gain on sale of assets	9,601	1,140	2,111	33,417						
Investment earnings	1,179	841	522	1,833	4,584	4,679	3,887	1,861	1,148	1,731
Miscellaneous	1,585	6,067	3,022	54	2,212	9,055	6,115	2,116	10,362	194
Total revenues	<u>2,672,829</u>	<u>2,545,856</u>	<u>2,304,330</u>	<u>2,041,776</u>	<u>2,228,325</u>	<u>2,004,207</u>	<u>1,989,176</u>	<u>2,232,857</u>	<u>1,912,273</u>	<u>2,226,006</u>
Expenses										
General government	591,433	632,590	539,937	563,874	552,607	337,182	604,294	479,543	551,016	347,272
Public safety	458,819	385,378	460,939	491,583	440,675	358,436	439,093	450,926	415,119	418,288
Transportation	782,290	520,124	505,964	511,804	549,008	473,469	380,618	362,962	107,255	214,513
Environmental protection	141,091	130,640	134,919	129,150	126,867	117,305	96,173	12,343	1,587	162,683
Cultural and recreation	25,600	34,221	26,657	43,774	17,685	26,265	20,419	116,083	109,206	60,993
Interest on long-term debt	25,280	29,128	31,588	34,037	2,021	3,278	6,221	600		
Water	369,706	330,856	276,722	336,603	313,067	271,947	272,343	251,345	382,375	335,697
Total expenses	<u>2,394,219</u>	<u>2,062,937</u>	<u>1,976,726</u>	<u>2,110,825</u>	<u>2,001,930</u>	<u>1,587,882</u>	<u>1,819,161</u>	<u>1,673,802</u>	<u>1,566,558</u>	<u>1,539,446</u>
Increase (decrease) in net position before transfers and special items	278,610	482,919	327,604	(69,049)	226,395	416,325 (170,891)	170,015	559,055	345,715	686,560
Special item Transfers								3,075		
Increase (decrease) in net position	<u>\$ 278,610</u>	<u>\$ 482,919</u>	<u>\$ 327,604</u>	<u>\$ (69,049)</u>	<u>\$ 226,395</u>	<u>\$ 245,434</u>	<u>\$ 170,015</u>	<u>\$ 562,130</u>	<u>\$ 345,715</u>	<u>\$ 686,560</u>

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Table 5

	Fund Balances / Net Position All Funds									
	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
Governmental Activities										
Nonspendable	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted	784,016	249,692	239,171	212,689	1,400,012	390,961	330,586	294,400	267,742	255,216
Committed	202,178	214,498	170,349	83,400	299,712	389,655	34,983	34,932	34,710	30,193
Assigned				135,308		32,876	182,297	177,192	382,322	419,290
Unassigned	947,104	977,732	465,950	327,068	1,319,196	1,292,561	1,364,487	1,309,516	762,256	697,978
Total governmental funds	1,933,298	1,441,922	875,470	758,465	3,026,018	2,108,741	1,923,120	1,831,434	1,457,016	1,407,549
Reconcile to net position	4,783,478	5,001,062	5,101,328	4,954,378	2,668,895	3,504,494	3,510,371	3,437,761	3,452,813	3,258,293
Governmental net position	<u>\$6,716,776</u>	<u>\$6,442,984</u>	<u>\$5,976,798</u>	<u>\$5,712,843</u>	<u>\$5,694,913</u>	<u>\$5,613,235</u>	<u>\$5,433,491</u>	<u>\$5,269,195</u>	<u>\$4,909,829</u>	<u>\$4,665,842</u>
Business-Type Activities										
Unrestricted	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total water fund balance	906,204	906,983	864,772	802,964	825,684	881,868	822,641	754,721	391,634	597,996
Net investment in capital assets	1,064,348	1,058,751	1,084,229	1,082,388	1,070,467	1,038,682	1,032,219	1,020,541	1,180,864	1,036,410
Business-type net position	<u>\$1,970,552</u>	<u>\$1,965,734</u>	<u>\$1,949,001</u>	<u>\$1,885,352</u>	<u>\$1,896,151</u>	<u>\$1,920,550</u>	<u>\$1,854,860</u>	<u>\$1,775,262</u>	<u>\$1,572,498</u>	<u>\$1,634,406</u>

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Table 6

Changes in Fund Balance General Fund

	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
Revenues										
Ad valorem taxes	\$ 1,260,258	\$ 1,245,291	\$ 1,079,524	\$ 1,013,719	\$ 1,008,840	\$ 1,000,700	\$ 974,703	\$ 966,124	\$ 968,685	\$ 973,858
Other taxes and licenses	605,434	544,354	457,847	412,785	414,136	406,038	402,651	390,699	356,952	332,403
Unrestricted intergovernmental revenues	104,795	93,730	93,117	95,091	99,793	93,385	94,995	98,336	86,869	59,392
Restricted intergovernmental revenues	67,254	50,463	242,986	42,053	41,699	46,875	47,438	205,259	76,307	300,024
Permits and fees	114,931	112,415	68,427	106,809	99,068	88,002	89,095	86,153	79,467	102,255
Sales and services					127,908	18,935	14,909	29,879	12,158	13,784
Investment earnings	860	778	486	1,550	4,257	4,395	3,643	1,709	1,073	1,629
Miscellaneous	3,080	8,842	14,081	2,700	5,141	8,240	9,809	6,816	10,939	1,396
Total revenues	2,156,612	2,055,873	1,956,468	1,674,707	1,800,842	1,666,570	1,637,243	1,784,975	1,592,450	1,784,741
Expenditures										
General government	482,019	530,407	517,869	553,453	451,845	363,348	409,101	479,832	560,520	652,473
Public safety	419,256	379,016	432,316	454,198	428,067	397,494	449,767	434,507	432,969	390,135
Transportation	634,015	404,223	374,265	774,971	658,186	389,954	486,518	576,811	452,875	478,599
Environmental protection	136,698	119,119	119,678	112,602	109,040	104,362	158,977	103,308	96,431	95,994
Cultural and recreation	14,098	22,684	14,584	31,701	2,633	13,490	7,644	10,945	188	160,970
Debt service:										
Principal	82,867	16,200	16,200	16,200	23,061	29,677	29,308	6,429		
Interest	25,280	1,741	2,095	2,437	517	3,505	4,242	600		
Total expenditures	1,794,233	1,473,390	1,477,007	1,945,562	1,673,349	1,301,830	1,545,557	1,612,432	1,542,983	1,778,171
Other financing sources										(45,614)
Transfers to Water Fund										
Transfers (to) from Capital Funds	142,723	145,454	(451,516)	(970,887)	(138,038)	(525,000)				
Sale of capital assets	9,601		2,111	145,917						
Debt/installment purchase obligations issued								201,875		
Total other financing sources (uses)	152,324	145,454	(449,405)	(824,970)	(138,038)	(525,000)		201,875		(45,614)
Net change in fund balance	514,703	438,169	30,056	(1,095,825)	(10,545)	(160,260)	91,686	374,418	49,467	(39,044)
Prior period adjustment				38,690						
Fund balance, beginning	1,163,405	725,236	695,180	1,752,315	1,762,860	1,923,120	1,831,434	1,457,016	1,407,549	1,446,593
Fund balance, ending	\$ 1,678,108	\$ 1,163,405	\$ 725,236	\$ 695,180	\$ 1,752,315	\$ 1,762,860	\$ 1,923,120	\$ 1,831,434	\$ 1,457,016	\$ 1,407,549

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Table 7

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

Fiscal Year Ended June 30	General Government	Public Safety	Transportation	Environmental Protection	Cultural and Recreation	Interest on Long-term Debt	Total
2023	\$ 591,433	\$ 458,819	\$ 782,290	\$ 141,091	\$ 25,600	\$ 25,280	\$ 2,024,513
2022	632,590	385,378	520,124	130,640	34,221	29,128	1,732,081
2021	539,937	460,939	505,964	134,919	26,657	31,588	1,700,004
2020	563,874	491,583	511,804	129,150	43,774	34,037	1,774,222
2019	552,607	440,675	549,008	126,867	17,685	2,021	1,688,863
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

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Table 8

General Governmental Revenue by Source
(GAAP basis, Table 2)

Fiscal Year Ended June 30	Ad Valorem Taxes	Other Taxes and Licenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Investment Earnings	Miscellaneous	Total
	\$	\$	\$	\$	\$	\$	\$	\$
2023	1,260,784	710,229	114,931	224,542	19	892	11,186	2,322,564
2022	1,244,477	638,084	112,415	195,269	2,705	796	7,207	2,198,267
2021	1,079,096	550,964	68,427	257,147	2,600	487	5,133	1,963,959
2020	1,015,155	507,879	106,806	48,479	79,504	1,582	33,471	1,715,975
2019	1,008,941	414,136	109,992	262,302	2,787	4,263	2,212	1,881,350
2018	1,000,700	406,038	94,784	152,413	3,694	4,395	5,453	1,666,570
2017	974,695	402,651	98,987	147,450	155,346	3,643	6,115	1,637,235
2016	962,972	390,699	103,996	164,985	36,977	1,709	2,116	1,781,823
2015	968,042	356,952	83,021	135,379	360,088	1,073	10,362	1,591,806
2014	970,716	332,403	106,488	108,380	584,932	1,629	194	1,879,898
2013	892,839	313,951	98,618	105,034		1,850	20	1,997,244

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Table 9

Property Tax Levies and Collections General Fund

Fiscal Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Collections, Credits and Write-offs	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy	Total Direct Tax Rate
2023	\$ 1,260,784	\$ 1,259,962	99.93%	\$ 192	\$ 1,260,154	99.95%	.043
2022	1,242,087	1,241,622	99.96%	1,244	1,242,866	100.01%	0.43
2021	1,078,912	1,077,082	99.90%	2,258	1,079,340	100.04%	0.43
2020	1,014,714	1,013,278	99.86%		1,013,278	99.86%	0.41
2019	1,037,530	1,037,428	99.99%	1	1,037,429	100.00%	0.41
2018	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

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

TOWN OF MONTREAT, NORTH CAROLINA

Table 10

Assessed Value of Taxable Property

Fiscal Year Ended June 30	TR-2 Calendar Tax Year	Real Property	Personal Property	Public Service Company Property	Total Assessed Value
2023	2022	**	**	**	\$
2022	2021	**	**	**	\$
2021	2020	242,828,141	566,967	1,464,981	293,165,886
2020	2019	245,114,091	593,736	1,682,253	283,152,235
2019	2018	251,082,413	700,741	1,272,944	244,860,089
2018	2017	250,837,992	700,059	1,271,705	247,390,080
2017	2016	243,527,907	815,827	1,312,364	253,056,098
2016	2015	232,735,307	877,970	1,008,186	252,809,756
2015	2014	230,269,600	1,289,222	939,831	245,656,098
2014	2013	230,421,550	1,082,225	932,493	234,621,463
2013	2012	236,135,700	898,184	955,716	232,498,653
					232,436,268
					237,989,600

** Breakdown unavailable as of November 3, 2023

TOWN OF MONTREAT, NORTH CAROLINA

Table 11

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

Fiscal Year Ended June 30	Town of Montreat	East Buncombe Fire District	Buncombe County	Total Tax Rate
2023	0.4300	0.1200	0.5290	1.0790
2022	0.4300	0.1200	0.5290	1.0790
2021	0.4300	0.1200	0.5290	1.0790
2020	0.4100	0.1200	0.5290	1.0590
2019	0.4100	0.1200	0.5290	1.0590
2018	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

Source: Buncombe County Tax Department

TOWN OF MONTREAT, NORTH CAROLINA

Table 12

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

Fiscal Year Ended June 30	Ratio of Net General			Ratio of Net General		Net General Obligation Bonded Debt per Capita
	Assessed Value	General Obligation Bonded Debt	Assessed Value	Bonded Debt to Assessed Value	Population	
2023	\$ 293,165,886	\$		0.00%	865	0.00%
2022	283,152,235	-		0.00%	867	0.00%
2021	244,860,089	-		0.00%	868	0.00%
2020	247,390,080	-		0.00%	870	0.00%
2019	253,056,098	-		0.00%	903	0.00%
2018	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%

TOWN OF MONTREAT, NORTH CAROLINA

Table 13

Computation of Legal Debt Margin June 30, 2023

Assessed value of taxable property	\$ 293,165,886
Multiplied by 8% of assessed value	<u>0.08</u>
Debt limit	23,453,271
Gross debt:	
Installment purchases	<u>1,043,094</u>
Less: Water Fund debts	<u>(301,481)</u>
Total amount of debt applicable to debt limit	<u>741,613</u>
Legal debt margin	<u>\$ 22,711,658</u>

TOWN OF MONTREAT, NORTH CAROLINA

Table 14

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

Fiscal Year Ended June 30	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
2023	\$ -	\$ -	\$ -	2,024,513	0.00%
2022	-	-	-	1,732,081	0.00%
2021	-	-	-	1,700,004	0.00%
2020	-	-	-	1,774,222	0.00%
2019	-	-	-	1,688,863	0.00%
2018	-	-	-	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%

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

TOWN OF MONTREAT, NORTH CAROLINA

Table 15

Demographic Statistics

Fiscal Year Ended June 30	Population	Per Capita Income	Median Age	School Enrollment	Unemployment Rate % (June)*
2023	865	33,396	20.2		2.8
2022	867	N/A	N/A	18	2.9
2021	868	N/A	N/A	18	4.9
2020	870	N/A	N/A	18	8.0
2019	903	N/A	N/A	18	3.2
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

N/A = Data not available

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

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

TOWN OF MONTREAT, NORTH CAROLINA

Table 16

Ten Largest Tax Payers
June 30, 2023

Taxpayer	Classification	Assessed Valuation	Percentage of Total Assessed Valuation
2023			
MOUNTAIN RETREAT ASSOCIATION	Institutional	\$ 2,208,424	0.76%
BENNETT, GEORGE ROBERT	Residential	1,485,800	0.51%
CLARK, JACQUELINE F	Residential	1,403,700	0.48%
SHORTIDGE, KENNETH W JR	Residential	1,217,400	0.42%
SCHEU, WILLIAM E REVOCABLE TRUST	Residential	1,178,900	0.41%
GREGORY, H SCOTT	Residential	1,168,000	0.40%
BES-LU LLC	Residential	1,136,400	0.39%
MCCASKILL, WM C	Residential	1,121,030	0.39%
YOUNG, MATTHEW DONALD	Residential	1,112,300	0.38%
EVANS, CRAIG	Residential	1,109,400	0.38%
2022			
MOUNTAIN RETREAT ASSOCIATION	Institutional	\$ 2,208,424	0.78%
BENNETT, GEORGE ROBERT	Residential	1,485,800	0.52%
CLARK, JACQUELINE F	Residential	1,403,700	0.49%
SHORTIDGE, KENNETH W JR	Residential	1,217,400	0.43%
SCHEU, WILLIAM E REVOCABLE TRUST	Residential	1,178,900	0.41%
GREGORY, H SCOTT	Residential	1,168,000	0.41%
BES-LU LLC	Residential	1,136,400	0.40%
MCCASKILL, WM C	Residential	1,121,030	0.39%
EVANS, E CRAIG	Residential	1,109,400	0.39%
MANDEVILLE LLC	Residential	1,089,100	0.38%
2021			
MOUNTAIN RETREAT ASSOCIATION	Institutional	\$ 2,208,472	0.78%
BURNS, WADE F	Residential	1,485,800	0.52%
CLARK, JACQUELINE F	Residential	1,403,700	0.50%
SHORTIDGE, KENNETH W JR	Residential	1,217,400	0.43%
SCHEU, WILLIAM E REVOCABLE TRUES	Residential	1,178,900	0.42%
GREGORY, H SCOTT	Residential	1,168,000	0.41%
BES-LU LLC	Residential	1,136,400	0.40%
MCCASKILL, WM C	Residential	1,121,030	0.38%
MANDEVILLE LLC	Residential	1,089,100	0.38%
EVANS, E CRAIG	Residential	1,080,600	0.38%

Note: Comparative data from ten years ago is not available.

Source: Buncombe County Tax Department.

TOWN OF MONTREAT, NORTH CAROLINA

Table 17

Largest Employers June 30, 2023

Montreat is a predominately 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:

<u>Year</u>	<u>Montreat College</u>	<u>Montreat Conference Center</u>	<u>Town of Montreat</u>	<u>Total</u>
2023	200	59	14	273
2022	138	62	13	213
2021	200	59	13	272
2020	131	50	15	196
2019	129	67	13	209
2018	128	60	13	201
2017	127	60	14	201
2016	125	60	14	199
2015	127	60	13	200
2014	187	60	14	261

Source: Montreat College, Montreat Conference Center.

TOWN OF MONTREAT, NORTH CAROLINA

Table 18

Miscellaneous Statistics June 30, 2023

Date of establishment	1967
Form of Government	Mayor-Council
Employees:	
Full-time permanent	13
Vacancies	0
Other (police reserve)	8
Area	2.78 sq. miles
<u>Town Facilities and Services:</u>	
Miles of streets	15.6
Number of street lights	0
Police Protection:	
Number of full-time officers	5
Number of reserve officers	7
Inspections:	
Building permits issued	103
Water Service:	
Number of customers	680
Average daily consumption	65,630 gal
Miles of water mains	18
Number of wells	11
<u>Facilities and Services Provided by Other Entities:</u>	
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	

COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the Board of Commissioners
Town of 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 financial statements of the governmental activities and the major fund of Town of Montreat, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Montreat's basic financial statements, and have issued our report thereon dated November 3, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Montreat's internal control over financial reporting (internal control) as a basis for designing 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 Town of Montreat's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Montreat's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

CARTER, P.C.

Asheville, North Carolina
November 3, 2023



ORDINANCE AMENDMENT APPLICATION

Town of Montreat Planning and Zoning
1210 Montreat Road, Black Mountain, NC 28711 | (828) 669-8002

REQUIRED FEE: \$50.00 (CASH OR CHECK)

INSTRUCTIONS

All applications for amendments to the Town of Montreat's Ordinances must include a completed and signed application and fee, set forth by the Town of Montreat Fee Schedule. Completed applications are submitted to the Town Clerk. All fees must be made payable to the Town of Montreat. Fees are non-refundable except where an application is withdrawn prior to its consideration by the Planning and Zoning Commission. The Zoning Administrator will determine whether the application is complete following its submittal and will notify the applicant via the contact information listed below of the tentative meeting dates that the Planning and Zoning Commission and Board of Commissioners will hear the proposal and of any action taken or decision made concerning this request. All meetings of the Planning and Zoning Commission and Board of Commissioners are open to the public.

APPLICANT INFORMATION

APPLICANT NAME: Brian Sineath TELEPHONE: 828-645-8518
MAILING ADDRESS: PO Box 1603 Weaverville CITY: _____ STATE: NC ZIP: 28787
LOCAL ADDRESS: _____ CITY: _____ STATE: _____ ZIP: _____
EMAIL: bsineath@sineathconstruction.com

PROPOSED AMENDMENT

ORDINANCE TO BE AMENDED: GENERAL ORDINANCE **ZONING ORDINANCE X**
 SUBDIVISION ORDINANCE WIRELESS COMM. ORDINANCE

CHAPTER, ARTICLE, & SECTION TO BE AMENDED: Zoning Code Section 201 (Definitions)
"Structure"

PROPOSED TEXT IN FULL (ATTACH SHEETS AS NECESSARY): See attached Sheet #1
Only change proposed is addition of 5 words "and required retention wall support"

STATE THE REASON FOR THE REQUEST (ATTACH SHEETS AS NECESSARY): See attached letter from
Richard Wise.

LIST SUPPORTING & ATTACHED DOCUMENTS: Photos of existing structures with retaining
walls supporting driveways.

SIGNATURES AND ACKNOWLEDGEMENT

I, Brian Sineath, hereby certify that all of the information set forth above is true and accurate to the best of my knowledge.

W. Brian Sineath
Signature of Applicant

9-6-23
Date

W. Brian Sineath
Printed Name of Applicant

OFFICE USE ONLY

Complete

Incomplete

Zoning Administrator Signature

Date

Printed Name of Zoning Administrator

Fee: \$50

Paid: ☒ Yes ☐ No

Payment Method: Card 9/21/23

Scheduled Planning and Zoning Commission Meeting Date: _____

Scheduled Board of Commissioner Meeting Date: _____

Sheet #1

added

Structure: Anything constructed or erected, the use of which requires permanent location on the ground, or attachment to something having a permanent location on the ground, including Decks, retaining walls, exterior stairways, Fences, and Signs provided, however, neither a driveway (including associated guardrails and required retention wall support), a walkway (including associated steps and railings), an elevated boardwalk, nor a fence shall be considered a Structure for the purpose of Setback and minimum Yard requirements. Accessibility Features approved pursuant to Section 606.4 and also signs complying with the requirements and limitations of this Ordinance shall not be considered a Structure for the purpose of Setback and minimum Yard requirements.

Richard Wise, Legal Counsel
1022 Highland Colony Parkway, Suite 300
Ridgeland, MS 39157

Tel 601.853.8005
Fax 601.510.9637
[**rick@hcbailey.com**](mailto:rick@hcbailey.com)

H C Bailey Companies

Dear Members of the Planning and Zoning Commission,

This letter is written in support of the proposed text amendment to Montreat's Zoning Code Section 201, (Definitions, "Structure"). The existing definition of a "Structure" is as follows:

"Structure: Anything constructed or erected, the use of which requires permanent location on the ground, or attachment to something having a permanent location on the ground, including Decks, retaining walls, exterior stairways, Fences, and Signs provided, however, neither a driveway (including associated guardrails), a walkway (including associated steps and railings), an elevated boardwalk, nor a fence shall be considered a Structure for the purpose of Setback and minimum Yard requirements. Accessibility Features approved pursuant to Section 606.4 and also signs complying with the requirements and limitations of this Ordinance shall not be considered a Structure for the purpose of Setback and minimum Yard requirements."

As you know, all residential lots have setback areas on all sides, including the street side. Under the Zoning Code no "structures" are allowed within these setback areas. If a driveway were to be considered a "structure", no one could have a driveway to their home because the driveway would necessarily cross the street-side setback area. The current Code deals with this problem by excepting "driveways and associated guardrails" from the definition of a "structure". See above.

Because of the hilly terrain of most Montreat lots, many Montreat homes have driveways that are supported by retaining walls. The retaining walls provide a stable, erosion-proof foundation for the driveway. Examples abound, as indicated by the attached photos of Montreat homes.

However, a strict reading of the above definition may lead a reasonable person to conclude that all retaining walls, even those providing required engineering support for a driveway, are prohibited as "structures" that cannot cross the set-back area. The proposed text amendment would clarify that the exemption for driveways includes the retaining walls that make the driveway possible. The proposed text amendment would simply add 5 clarifying words as follows:

"Structure: Anything constructed or erected, the use of which requires permanent location on the ground, or attachment to something having a permanent location on the ground, including Decks, retaining walls, exterior stairways, Fences, and Signs provided, however, neither a driveway (including associated guardrails **and required retention wall support**), a walkway (including associated steps and railings), an elevated boardwalk, nor a fence shall be considered a Structure for the purpose of Setback and minimum Yard requirements. Accessibility Features approved pursuant to Section 606.4 and also signs complying with the requirements and limitations of this Ordinance shall not be considered a Structure for the purpose of Setback and minimum Yard requirements."

This is consistent with zoning provisions in other jurisdictions, including Ashville which allows walls to be within the setback area if it is a "retaining structure". (Section 7-10-2 (f)(6) "Required Setbacks; Allowable Encroachments into Required Setbacks" and Section 7-10-3).

Judging by the number of existing Montreat homes with driveways supported by retaining walls, Section 201 has not been strictly interpreted in the past. However, in the absence of this text amendment, no future building permit can be issued for any home if the lot's access characteristics are such as to require a retaining wall to support a driveway.

Ms. Kayla DiCristina, Montreat's zoning administrator, has been most helpful in understanding this issue and I want to express my appreciation for her assistance in guiding our efforts regarding this proposed text amendment.

Thank you for your consideration.

Sincerely,



Richard Wise



TOWN OF MONTREAT

P.O. Box 423, Montreat, NC 28757
Tel: (828) 669-8002 | Fax: (828) 669-3810
www.townofmontreat.org

Staff Report TA-2023-01

Text Amendment Request (TA-2023-01) – A Text Amendment request (TA-2023-01), submitted by Brian Sineath, of Sineath Construction, to amend Section 201 of the Montreat Zoning Ordinance to consider retaining walls as structures except for the purposes of setback and minimum yard requirements and to add a new section to Article VI – Development Provisions to apply additional provisions to retaining walls.

Created by:

Kayla DiCristina, AICP,
Zoning Administrator
Town of Montreat

Created for:

Town of Montreat Board of Commissioners
TBD, 2023

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REQUEST SUMMARY

The Zoning Administrator, Kayla DiCristina, AICP, received an application for a Text Amendment request from Brian Sineath of Sineath Construction (“Applicant”) on September 6, 2023.

The Applicant is a contractor for a property located on Hanover Terrace owned by Rick Wise (PIN# 0710676209). The Applicant submitted development plans for a single-family dwelling on PIN# 0710676209 in August 2023 that showed retaining walls within the required front setback of the property. Staff informed the Applicant that the Montreat Zoning Ordinance (MZO) Article II defined retaining walls as “Structures” and requires the proposed retaining walls to comply with the applicable setback requirements for the Zoning District that the property is located in. The Applicant attempted to relocate the retaining walls to meet the required front setback of the Zoning District, but was unable to. After researching other jurisdictions' zoning regulations, the Applicant found that other jurisdictions permit retaining walls in required setbacks. The Applicant then submitted a text amendment to amend the definition of a retaining wall in the MZO Article II to allow retaining walls to be located within required setbacks.

After reviewing the application and conducting their own research, staff proposed a revision to the Applicant’s revised definition. Staff also proposed including a new provision in Article VI regarding site triangles for retaining walls. The revision proposed to the Applicant’s definition ensures easier interpretation by future Zoning Administrators and the public. The new provision under Article VI of the MZO pertaining to site triangles for retaining walls is consistent with what other jurisdictions include in their zoning regulations when allowing retaining walls in setbacks. Staff’s revision includes language from the Zoning Administrator and Town Legal Counsel.

At the October 5, 2023, Planning and Zoning Commission meeting, the Planning and Zoning Commission voted to recommend approval of the staff’s proposed language for TA-2023-01 with additional revisions. The Planning and Zoning Commission found that TA-2023-01 is consistent with Montreat Tomorrow and supports Development Objective #4 the comprehensive plan.

EXISTING LANGUAGE

ARTICLE II – DEFINITIONS

201 Definitions

Structure: Anything constructed or erected, the use of which requires permanent location on the ground, or attachment to something having a permanent location on the ground, including Decks, retaining walls, exterior stairways, Fences, and Signs provided, however, neither a driveway (including associated guardrails), a walkway (including associated steps and railings), an elevated boardwalk, nor a fence shall be considered a Structure for the purpose of Setback and minimum Yard requirements. Accessibility Features approved pursuant to Section 606.4 and also signs complying with the requirements and limitations of this Ordinance shall not be considered a Structure for the purpose of Setback and minimum Yard requirements.

PROPOSED LANGUAGE

Color key for amendments:

- Existing language to remain
- ~~Deletion of existing language~~
- Insertion of new language by staff
- Insertion of new language by Planning and Zoning Commission
- ~~Deletion of existing language or language proposed by staff by Planning and Zoning Commission~~

APPLICANT

ARTICLE II – DEFINITIONS

201 Definitions

Structure: Anything constructed or erected, the use of which requires permanent location on the ground, or attachment to something having a permanent location on the ground, including Decks, retaining walls, exterior stairways, Fences, and Signs provided, however, neither a driveway (including associated guardrails and required retention wall support), a walkway (including associated steps and railings), an elevated boardwalk, nor a fence shall be considered a Structure for the purpose of Setback and minimum Yard requirements. Accessibility Features approved pursuant to Section 606.4 and also signs complying with

the requirements and limitations of this Ordinance shall not be considered a Structure for the purpose of Setback and minimum Yard requirements.

STAFF

ARTICLE II – DEFINITIONS

201 Definitions

Structure: Anything constructed or erected, the use of which requires permanent location on the ground, or attachment to something having a permanent location on the ground, including Decks, retaining walls, exterior stairways, Fences, and Signs provided, however, for the purpose of Setback and minimum Yard requirements neither a driveway (including associated guardrails), a walkway (including associated steps and railings), an elevated boardwalk, a retaining wall, nor a fence shall be considered a Structure ~~for the purpose of Setback and minimum Yard requirements~~. Retaining walls are also subject to the provisions of Section 621. Accessibility Features approved pursuant to Section 606.4 and also signs complying with the requirements and limitations of this Ordinance shall not be considered a Structure for the purpose of Setback and minimum Yard requirements.

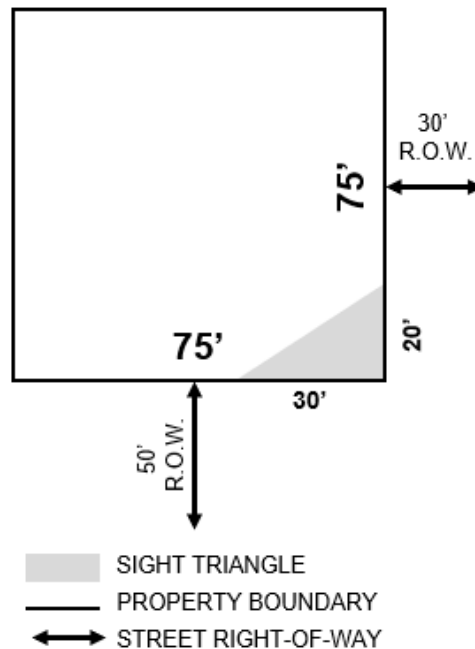
ARTICLE VI – DEVELOPMENT PROVISIONS

621 Retaining Walls

621.1 No retaining wall taller than thirty-six (36) inches shall be constructed within a sight triangle as determined by Section 621.11 at any intersection of public or private streets.

621.11 A sight triangle shall be maintained at each corner of a property at the intersection of two streets. The sight triangle is a triangular area with sides measured from the corner of the property line to a point on the property line located at the distance set forth in the table below and the hypotenuse extending from the distance point on one street across the corner of the property to the distance point of the other street:

<u>ROW Width</u>	<u>Distance (feet)</u>
<u>< 40'</u>	<u>20'</u>
<u>40 ≤ or < 50'</u>	<u>25'</u>
<u>≤ 50'</u>	<u>30'</u>



621.12 Retaining walls taller than thirty-six (36) inches may be constructed in sight triangles below the grade of the adjacent street where, by reason of natural topography, the final height of the retaining wall is less than thirty-six (36) inches above the pavement of the street located adjacent to the retaining wall.

STAFF RESEARCH

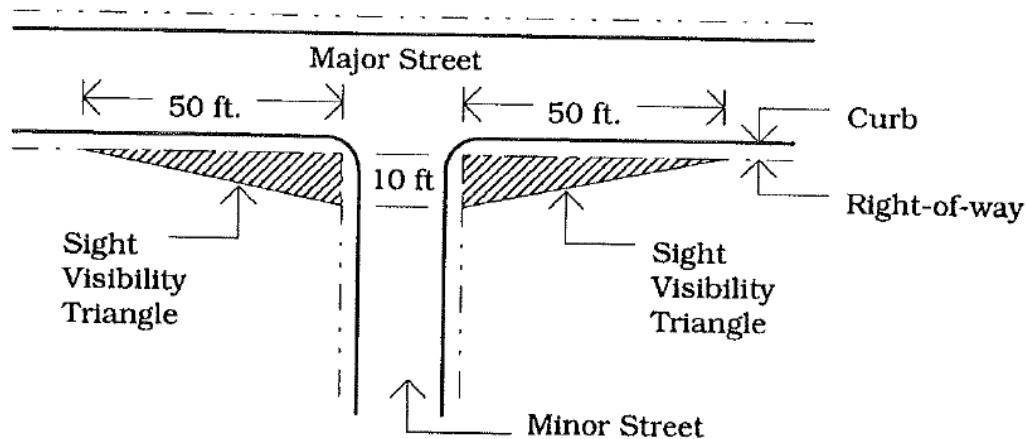
DiCristina reviewed the Unified Development Ordinances of Asheville, Black Mountain, Maggie Valley, and Marshall to examine existing regulations related to retaining walls. Verbatim excerpts from these ordinances are included at the end of this staff report.

City of Asheville Unified Development Ordinance (Chapter 7)

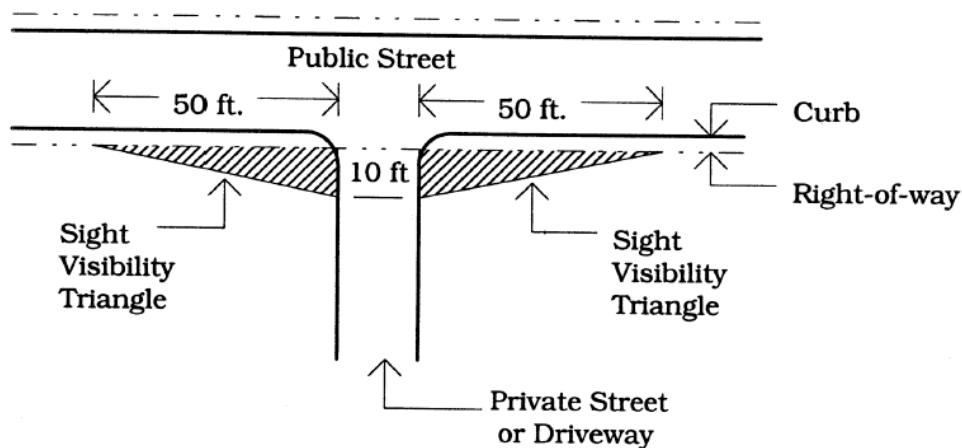
Article III Section 7.2.5 of the City of Asheville's Unified Development Ordinance (UDO) does not include "wall" or "retaining wall" in the definition of a structure, but "wall" and "retaining structure" are defined. Chapter 7 Article X Section 7.10.3(a)(2) of the UDO states that walls within front setbacks may not exceed six feet in height unless they serve as a retaining structure. Those walls within the side or rear setbacks may not exceed eight feet in height unless they serve as a retaining structure. Regardless, per Article X Section 7.10.3(b) of the UDO, no wall is permitted to obstruct the site visibility triangle required by Article XI Section 7.11.2(h) of the UDO. However, Section 7.11.2(h)(5) includes an

exemption when the existing grade, by reason of natural topography, rises three feet above the level of the center of the intersection. Site triangles are determined as follows in Article XI Section 7.11.2(h) of the UDO:

1. At public street intersections with no traffic sign or device → The site triangle is formed from street right-of-way lines and a line connecting them at points 50 feet from the intersection.



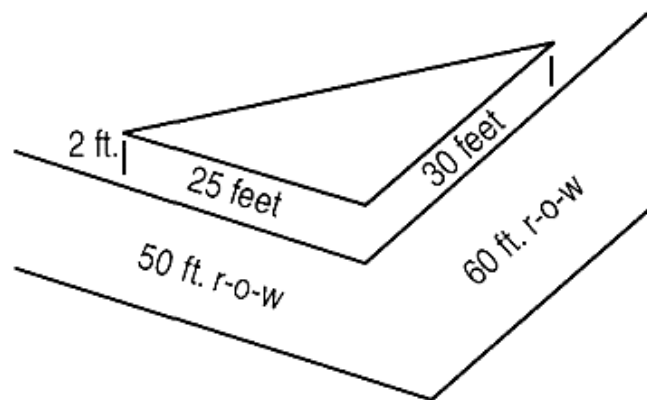
2. All other intersections → The site triangle is formed from a 10-foot side measured along the right-of-way of the minor approach from the right-of-way of the major approach and a 50-foot side measured along the right-of-way of the major approach and the right-of-way of the minor approach.



Town of Black Mountain Unified Development Ordinance (Appendix A)

Section 1.2.3 of the Town of Black Mountain Unified Development Ordinance (UDO) includes the definition of a structure. It is not stated in this definition whether a retaining wall is considered a structure nor are “wall” or “retaining wall” defined. Section 8.3.4(1)(a) of the UDO dictates that no walls may obstruct vision at any intersection of public or private streets, as specified in Section 4.3.6 of the UDO. The UDO does not contain a “Section 4.3.6”, but Section 4.4.6 of the UDO refers to visibility at intersections. Section 4.4.6(d) of the UDO states that fences with heights greater than two feet above the grade of the crown of the adjacent road are not permitted within sight triangles. The following table and image from Section 4.4.6(c) of the UDO are used to determine the required sight triangle area:

<u>Right-of-way width</u>	<u>Distance (feet)</u>
<50'	20'
50'	25'
60'	30'
70'	35'
80'	40'
90'	45'
100' <	50'



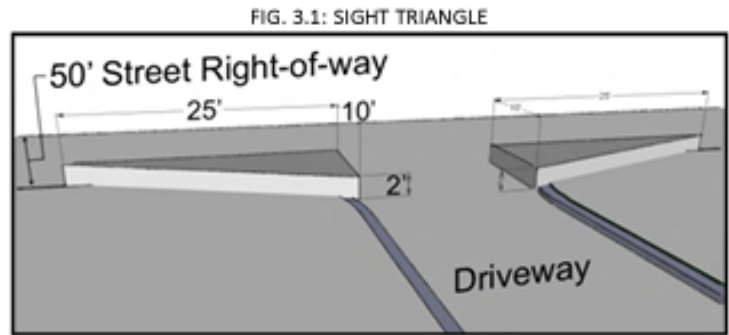
Town of Maggie Valley Unified Development Ordinance (Title XV)

Section 160.02 of the Town of Maggie Valley’s Unified Development Ordinance (UDO) does not include “walls” in the definition of a structure nor are “walls” or “retaining walls” defined. Section 152.05(d) of the UDO states that walls are permitted to encroach into yards. This section goes on to state that if the wall is higher than 3.5 feet, then it may not be placed within the site visibility triangle of a public street, private street, or driveway contained on either the property or adjacent property. No regulation for determining the site triangle is provided in the UDO.

Town of Marshall Unified Development Ordinance

Appendix A of the Town of Marshall's Unified Development Ordinance (UDO) does not include "walls" in the definition of a structure nor are "walls" or "retaining walls" defined. Per Section 8.5(c) of the UDO, walls may be located in setbacks, but not within rights-of-way or site triangles. Section 3.4.1(f) further stipulates that no wall taller than two feet as measured at street level is permitted within the site triangle. This section defines the site triangle as the area formed by a diagonal line connecting two points located on intersecting property lines (or a property line and the curb or driveway) using the following distances:

<u>Right-of-way width</u>	<u>Distance (feet)</u>
Driveway	10'
50'	25'
60'	30'
70'	35'
80'	40'
90'	45'
100' <	50'



Staff also reviewed the range of right-of-way widths in the Greenspace Agreement to best determine how to apply the site triangle distance requirements. The largest right-of-way width in the Greenspace Agreement is 30 feet from the centerline on either side (total width of 60 feet) and the smallest is 20 feet from the centerline on either side (total width of 40 feet).

PLANNING AND ZONING COMMISSION

At the October 5, 2023, Planning and Zoning Commission meeting, the Commission voted to recommend approval of the staff's proposed language for TA-2023-01 with additional revisions (show below). The Planning and Zoning Commission found that TA-2023-01 with the proposed revisions is consistent with Montreat Tomorrow and supports Development Objective #4 the comprehensive plan.

Color key for amendments:

- Existing language to remain
- ~~Deletion of existing language~~
- Insertion of new language by staff
- Insertion of new language by Planning and Zoning Commission
- ~~Deletion of existing language or language proposed by staff by Planning and Zoning Commission~~

ARTICLE II – DEFINITIONS

201 Definitions

Structure: Anything constructed or erected, the use of which requires permanent location on the ground, or attachment to something having a permanent location on the ground, including Decks, retaining walls, exterior stairways, Fences, and Signs provided, however, for the purpose of Setback and minimum Yard requirements neither a driveway (including associated guardrails), a walkway (including associated steps and railings), an elevated boardwalk, a retaining wall (in the Minimum Front Yard only), nor a fence shall be considered a Structure ~~for the purpose of Setback and minimum Yard requirements~~. Retaining walls in Minimum Front Yards are also subject to the provisions of Section 621. Accessibility Features approved pursuant to Section 606.4 and also signs complying with the requirements and limitations of this Ordinance shall not be considered a Structure for the purpose of Setback and minimum Yard requirements.

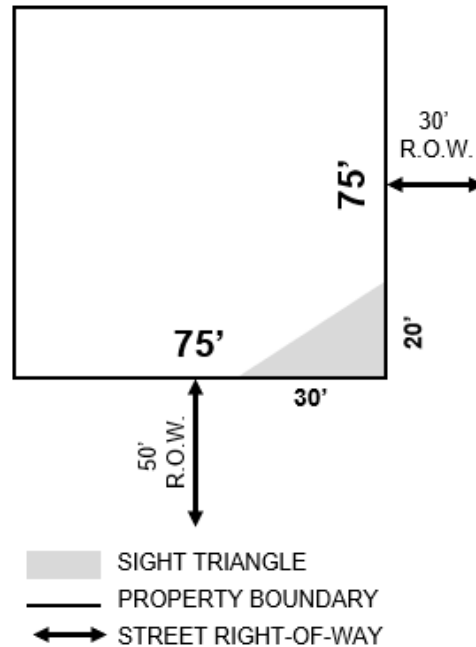
ARTICLE VI – DEVELOPMENT PROVISIONS

621 Retaining Walls Sight Visibility at Intersections

621.1 No ~~retaining wall~~ Structures or vegetation taller than thirty-six (36) inches, as measured from the grade of the adjacent street, shall be constructed or allowed within a sight triangle as determined by Section 621.11 at any intersection of public or private streets.

621.11 A sight triangle shall be maintained at each corner of a property at the intersection of two streets. The sight triangle is a triangular area determined by measuring ~~with sides measured~~ from the corner of the property line to a points on the two property lines located at the distances set forth in the table below and the hypotenuse extending from the distance point on one street across the corner of the property to the distance point of the other street:

ROW Width	Distance (feet)
$\leq 40'$	<u>20'</u>
$50' > \text{and } \geq 40'$ $40 \leq \text{or } < 50'$	<u>25'</u>
$\leq 50' \geq 50'$	<u>30'</u>



621.12 Retaining walls taller than thirty-six (36) inches may be constructed in sight triangles below the grade of the adjacent street where, by reason of natural topography, the final height of the retaining wall is less than thirty-six (36) inches above the pavement grade of the street located adjacent to the retaining wall.

PLANNING AND ZONING COMMISSION RECOMMENDATIONS

(NO MARKUP SHOWN & CHANGES INCORPORATED)

ARTICLE II – DEFINITIONS

201 Definitions

Structure: Anything constructed or erected, the use of which requires permanent location on the ground, or attachment to something having a permanent location on the ground,

including Decks, retaining walls, exterior stairways, Fences, and Signs provided, however, for the purpose of Setback and minimum Yard requirements neither a driveway (including associated guardrails), a walkway (including associated steps and railings), an elevated boardwalk, a retaining wall (in the Minimum Front Yard only), nor a fence shall be considered a Structure. Retaining walls in Minimum Front Yards are subject to the provisions of Section 621. Accessibility Features approved pursuant to Section 606.4 and also signs complying with the requirements and limitations of this Ordinance shall not be considered a Structure for the purpose of Setback and minimum Yard requirements.

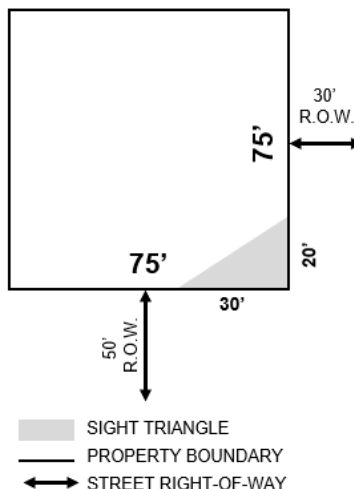
ARTICLE VI – DEVELOPMENT PROVISIONS

621 Sight Visibility at Intersections

621.1 No Structures or vegetation taller than thirty-six (36) inches, as measured from the grade of the adjacent street, shall be constructed or allowed within a sight triangle as determined by Section 621.11 at any intersection of public or private streets.

621.11 A sight triangle shall be maintained at each corner of a property at the intersection of two streets. The sight triangle is a triangular area determined by measuring from the corner of the property to points on the two property lines located at the distances set forth in the table below and the hypotenuse extending from the distance point on one street across the corner of the property to the distance point of the other street:

ROW Width	Distance (feet)
< 40'	20'
50' > and \geq 40'	25'
\geq 50'	30'



621.12 Retaining walls taller than thirty-six (36) inches may be constructed in sight triangles below the grade of the adjacent street where, by reason of natural topography, the final height of the retaining wall is less than thirty-six (36) inches above the grade of the street located adjacent to the retaining wall.

BOARD OF COMMISSIONERS ACTION

N.C.G.S. 160D-605 requires the Board of Commissioners that addresses consistency with the Comprehensive Plan and other matters as deemed appropriate when adopting or rejecting any zoning text amendment. The Board of Commissioners may use the consistency statement provided by the Planning and Zoning Commission. The Planning and Zoning Commission found that TA-2023-01 with the proposed revisions is consistent with Montreat Tomorrow and supports Development Objective #4 the comprehensive plan. A link to the Town of Montreat's Comprehensive Plan is provided below.

[Montreat Tomorrow Comprehensive Plan](#)

Example Language:

The proposed text amendment [is/is not] consistent with Montreat Tomorrow because...

- [identify policies in Montreat Tomorrow which the amendment is/is not consistent with]
- [identify policies in Montreat Tomorrow which the amendment advances/hinders]

For more information on consistency statements, please review ["Plan Consistency and Reasonableness Statements" Guidance prepared by the University of North Carolina – Chapel Hill's School of Government](#).

STAFF RESEARCH ORDINANCE EXCERPTS

[City of Asheville Unified Development Ordinance \(Chapter 7\)](#)

Section 7.2.5

Retaining structure means a structure specifically designed to keep or hold an element in a particular place, condition, or position.

Structure means that which is built or constructed. For flood protection regulations, a structure is a walled and roofed building, a manufactured home, a gas or liquid storage tank, or other manmade facility or infrastructure that is principally above ground.

Wall means an upright structure of masonry, wood, plaster or other building material serving to enclose, divide or protect an area.

Sec. 7-10-3. Fences and walls.

(a) Height standards.

(1) Fences and walls located outside the minimum front, side, or rear setback may be erected to any height permitted for buildings in the zoning district in which they are located.

(2) Unless otherwise required to comply with other provisions of the Code of Ordinances of the City of Asheville fences and walls located within the minimum front setback shall not exceed six feet in height unless serving as a retaining structure. Fences and walls located within the minimum side or rear setback shall not exceed eight feet in height unless serving as a retaining structure. No fence or wall shall obstruct the site visibility triangles required by subsection 7-11-2(g) of this chapter.

(b) *Sight triangles.* No wall or solid fence higher than three and one-half feet shall be placed within the sight visibility triangle of a public street, private street, or driveway contained either on the property or on an adjoining property. See section 7-11-2 concerning sight visibility triangles.

Sec. 7-11-2. Parking, loading, and access standards.

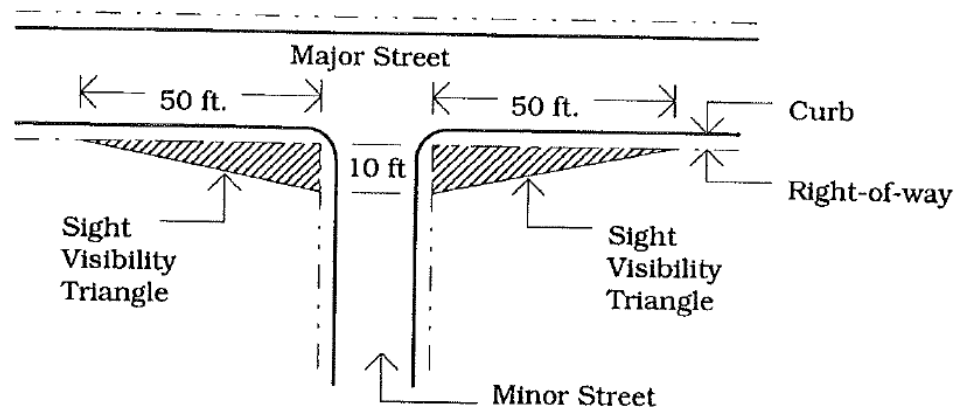
(h) Sight visibility triangles at street intersections.

(1) *Sight visibility triangle required.* In order to ensure visibility at intersections, sight visibility triangles shall be maintained at all intersections of public streets, private streets, and driveway access points.

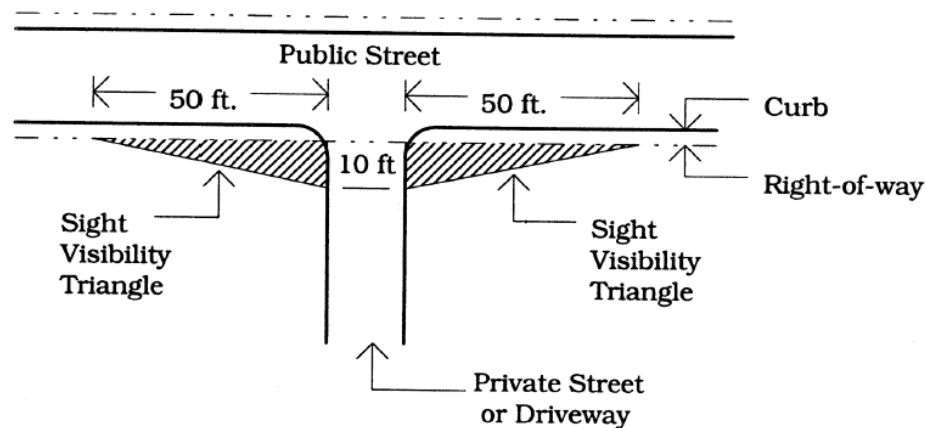
(2) *Public street intersections.* At an intersection of two public streets with no traffic sign or other device, a sight visibility triangle is that triangle formed by the street right-of-way lines and a line connecting them at points 50 feet from the intersection of the street right-of-way lines.

(3) *All other intersections.* At all other types of intersections, a sight triangle is defined as that triangle formed by a ten-foot side measured along the right-of-way of the minor approach from the right-of-way of the major approach, and a 50-foot side measured along the right-of-way of the major approach from the right-of-way of the minor approach.

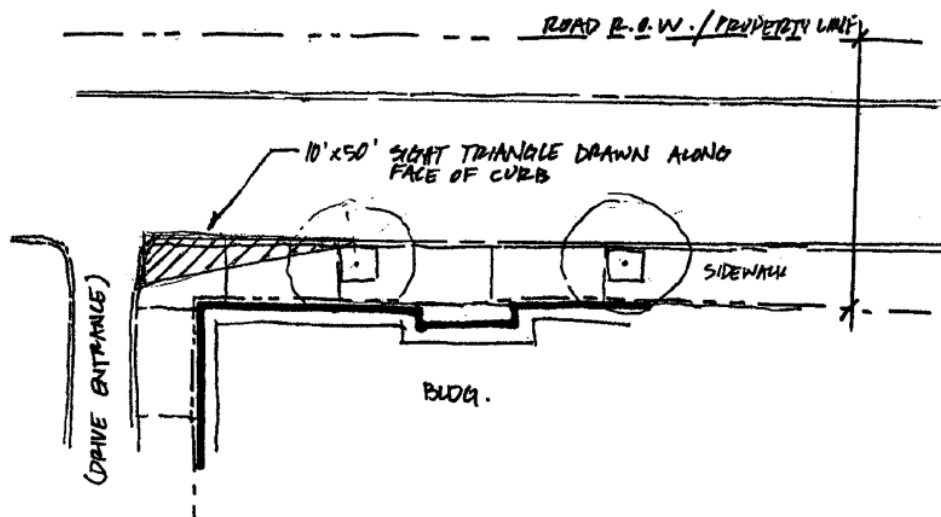
- a. For intersections formed by two public streets with a traffic control sign or other device, the minor approach is the street which must stop or yield.



- b. For intersections formed by a public street and a private street or driveway, the public street is the major approach.
- c. For a private street or driveway, the short side of the sight visibility triangle shall be measured along the edge of the private street or driveway.



- d. For a public or private street or driveway where the building displays a 0-foot setback, the long side of the triangle shall be measured along the face of curb, with additional measures to be applied if deemed necessary by the city's traffic engineer in accordance with sound engineering principals.



(4) *Sight visibility at state-maintained intersections.* On roadways maintained by the North Carolina Department of Transportation, additional sight visibility triangle requirements may be applied by that department.

(5) *Applicability and exemptions.* Within the triangles identified above, and except as provided below, no structure, sign, plant, shrub, tree, berm, fence, wall, or other object of any kind or parking or storage of automobiles shall be installed, constructed, set out or maintained so as to obstruct cross-visibility at a level between three and ten feet above the level of the center of the street intersection. These restrictions shall not apply to:

- a. Existing natural grades which, by reason of natural topography, rise three feet above the level of the center of the intersection;
- b. Trees having limbs and foliage trimmed in such manner that no limbs or foliage extend into the area between three and ten feet above the level of the intersection;
- c. Fire hydrants, public utility poles, street markers, governmental signs, and traffic control devices;
- d. Any structure, sign, plant, shrub, tree, berm, wall, or fence located in the Central Business District;
- e. Trees which are planted in order to meet the street tree requirement as set forth in subsection 7-11-3(f).

Town of Black Mountain Unified Development Ordinance (Appendix A)

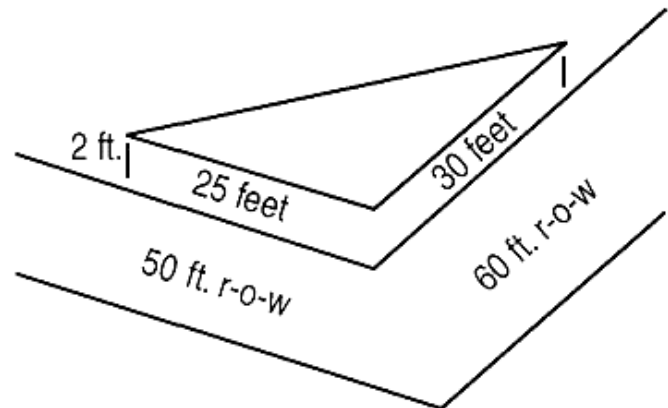
Section 1.2.3

Structure: Anything constructed, installed or portable, the use of which requires a location on a parcel of land, this includes a fixed or moveable building which can be used for residential, business, commercial, agriculture, or office purposes, either temporarily or permanently. "Structure" also includes, but is not limited to, above ground, below ground and permanent swimming pools, cisterns, sewage treatment plants, sheds, and similar accessory construction; however, it does not include landscape features such as ornamental pools, planting boxes, sculpture, birdbaths, open terraces, at-grade bridges and walkways, at-grade slab patios, driveways, small non-permanent shelters for pets, playhouses, open stairs, recreational equipment, flagpoles, underground fallout shelters, air-conditioning compressors, pump houses, wells, mailboxes, outdoor fireplaces, burial vaults, or cemetery marker monuments.

4.4.6 - Visibility at intersections.

C. The following are the distances used to establish a sight triangle as measured from an intersecting right-of-way:

<u>Right-of-way width</u>	<u>Distance (feet)</u>
<50'	20'
50'	25'
60'	30'
70'	35'
80'	40'
90'	45'
100' <	50'



D. A sight triangle shall contain no fence, structure, earth bank, hedge, planting, wall or other obstruction between a height greater than two feet above the grade of the crown of the adjacent road as established by the zoning administrator. The following are exempted from this provision:

1. Public utility poles and fire hydrants.

2. Trees trimmed (to the trunk) to a height at least nine feet above the level of the intersection.
3. Other plant species of open growth habit that are not planted in the form of a hedge and which are so planted and trimmed as to leave in all seasons a clear and unobstructed cross-view.
4. A supporting member or appurtenance to a permanent building or sign lawfully existing on the effective date of this ordinance.
5. Official warning signs or signals or other appurtenances required for traffic control.
6. Signs which conform to the sign regulations with supports that do not encroach on the clear-vision area.

8.3.4 - Wall, fence, and berm standards.

Fencing and walls. Except as otherwise noted in this chapter, fences or yard walls are permitted subject to the following regulations:

1) General fence and wall requirements.

- a. Obstruction of view. No fence or wall shall be placed or retained in such a manner as to obstruct vision at any intersection of public or private streets as specified in section 4.3.6.

Town of Maggie Valley Unified Development Ordinance (Title XV)

Section 152.05 Encroachments

D. Vegetative buffers, fences, and walls: Vegetative buffers, fences, and garden/yard walls may encroach into required yards but, if higher than three and one-half (3 1/2) feet, may not be placed within the site visibility triangle of a public street, private street, or driveway contained either on the property or on an adjoining property.

Section 160.02

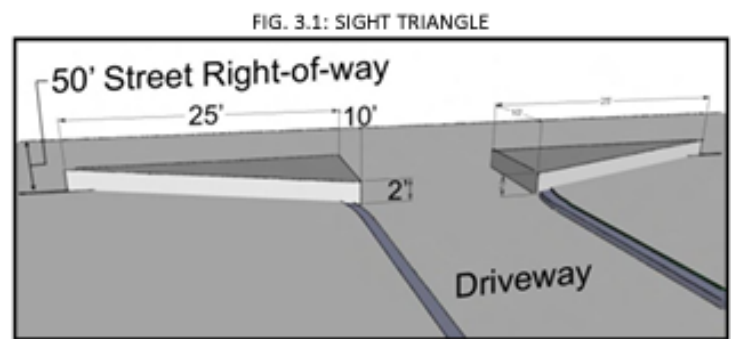
STRUCTURE. Anything constructed or erected, the use of which requires more or less permanent location on the ground or which is attached to something having more or less permanent location on the ground.

[Town of Marshall Unified Development Ordinance](#)

3.4.1 General Provisions

(F) No planting, structure, fence, wall, or other obstruction to vision that is more than two (2) feet tall as measured at street level shall be placed in the sight triangle. The sight triangle is the area formed by a diagonal line connecting two points located on intersecting property lines (or a property line and the curb or a driveway). The following are the distances used to establish a sight triangle as measured from an intersecting right-of-way:

<u>Right-of-way width</u>	<u>Distance (feet)</u>
Driveway	10'
50'	25'
60'	30'
70'	35'
80'	40'
90'	45'
100' <	50'



8.5 Fences and Walls

(C) Fences may be located up to the property line, but shall not be located in any right-of-way or sight-triangle. For streets without a right-of-way, fences shall be located a minimum of 10 feet from the edge of pavement. Fences may be located closer than 10 feet to the edge of pavement if there is an existing retaining structure, as long as the fence is no closer to the pavement than the existing retaining structure.

Appendix A

Structure A combination of materials to form a construction for use, occupancy, or ornamentation whether installed on, above, or below the surface of land or water. Anything constructed or erected, the use of which requires more or less permanent location on the ground or which is attached to something having a more or less permanent location on the ground.

TA-2023-01

Text Amendment

Montreat Board of Commissioners
TBD, 2023



1

1

RETAINING WALL (*Oxford Dictionary*): A wall that holds back earth or water.



2

2



3



4

Existing Language

ARTICLE II - DEFINITIONS

201 Definitions

Structure: Anything constructed or erected, the use of which requires permanent location on the ground, or attachment to something having a permanent location on the ground, including Decks, retaining walls, exterior stairways, Fences, and Signs provided, however, neither a driveway (including associated guardrails), a walkway (including associated steps and railings), an elevated boardwalk, nor a fence shall be considered a Structure for the purpose of Setback and minimum Yard requirements. Accessibility Features approved pursuant to Section 606.4 and also signs complying with the requirements and limitations of this Ordinance shall not be considered a Structure for the purpose of Setback and minimum Yard requirements.

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Proposed Language - Applicant

ARTICLE II - DEFINITIONS

201 Definitions

Structure: Anything constructed or erected, the use of which requires permanent location on the ground, or attachment to something having a permanent location on the ground, including Decks, retaining walls, exterior stairways, Fences, and Signs provided, however, neither a driveway (including associated guardrails and required retention wall support), a walkway (including associated steps and railings), an elevated boardwalk, nor a fence shall be considered a Structure for the purpose of Setback and minimum Yard requirements. Accessibility Features approved pursuant to Section 606.4 and also signs complying with the requirements and limitations of this Ordinance shall not be considered a Structure for the purpose of Setback and minimum Yard requirements.

6

6

Proposed Language - Staff

ARTICLE II - DEFINITIONS

201 Definitions

Structure: Anything constructed or erected, the use of which requires permanent location on the ground, or attachment to something having a permanent location on the ground, including Decks, retaining walls, exterior stairways, Fences, and Signs provided, however, for the purpose of Setback and minimum Yard requirements neither a driveway (including associated guardrails), a walkway (including associated steps and railings), an elevated boardwalk, a retaining wall, nor a fence shall be considered a Structure ~~for the purpose of Setback and minimum Yard requirements.~~ Retaining walls are also subject to the provisions of Section 621. Accessibility Features approved pursuant to Section 606.4 and also signs complying with the requirements and limitations of this Ordinance shall not be considered a Structure for the purpose of Setback and minimum Yard requirements.

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Proposed Language - Staff

ARTICLE VI - DEVELOPMENT PROVISIONS

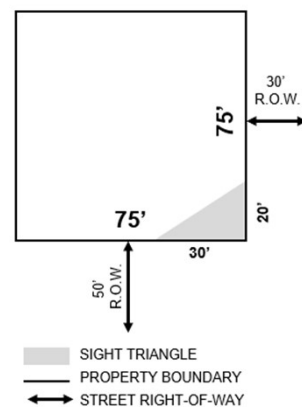
621 Retaining Walls

621.1 No retaining wall taller than thirty-six (36) inches shall be constructed within a sight triangle as determined by Section 621.11 at any intersection of public or private streets.

621.11 A sight triangle shall be maintained at each corner of a property at the intersection of two streets. The sight triangle is a triangular area with sides measured from the corner of the property line to a point on the property line located at the distance set forth in the table below and the hypotenuse extending from the distance point on one street across the corner of the property to the distance point of the other street:

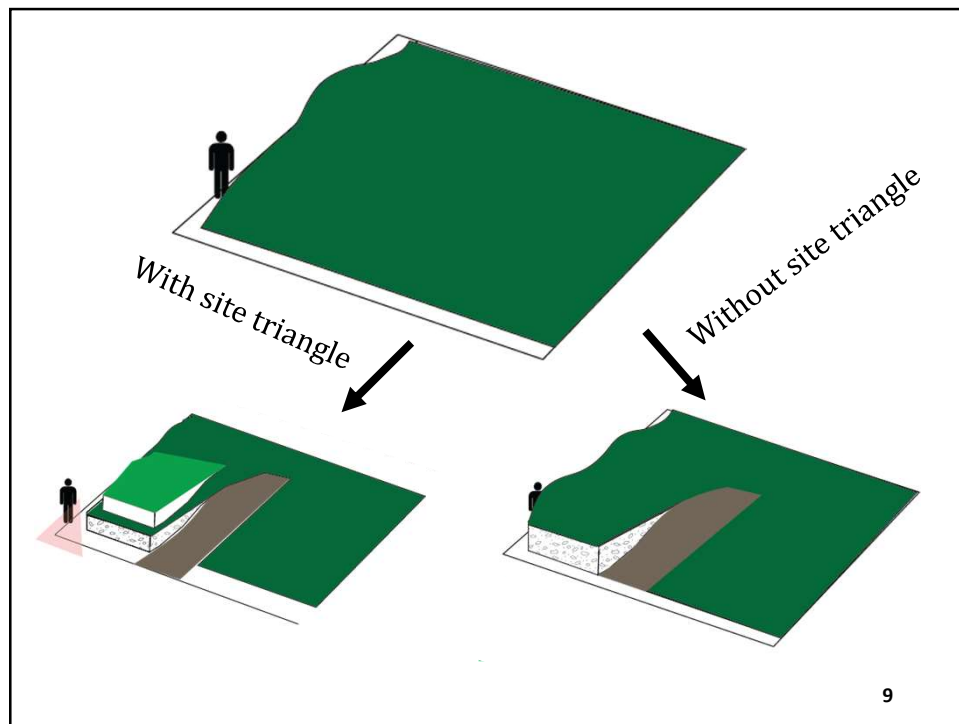
ROW Width	Distance (feet)
< 40'	20'
40' ≤ or < 50'	25'
≤ 50'	30'

621.12 Retaining walls taller than thirty-six (36) inches may be constructed in sight triangles below the grade of the adjacent street where, by reason of natural topography, the final height of the retaining wall is less than 36 inches above the pavement of the street located adjacent to the retaining wall.



8

8



9

Planning & Zoning Commission *Recommendation*

At the October 5, 2023, PZC meeting, the Commission voted to recommend approval with revisions of TA-2023-01. The Commission found that TA-2023-01 with revisions was consistent with the comprehensive plan and supported Development Objective #4 of Montreat Tomorrow.

10

10

Proposed Language - PZC

ARTICLE II - DEFINITIONS

201 Definitions

Structure: Anything constructed or erected, the use of which requires permanent location on the ground, or attachment to something having a permanent location on the ground, including Decks, retaining walls, exterior stairways, Fences, and Signs provided, however, for the purpose of Setback and minimum Yard requirements neither a driveway (including associated guardrails), a walkway (including associated steps and railings), an elevated boardwalk, a retaining wall (in the Minimum Front Yard only), nor a fence shall be considered a Structure ~~for the purpose of Setback and minimum Yard requirements~~. Retaining walls in Minimum Front Yards are also subject to the provisions of Section 621. Accessibility Features approved pursuant to Section 606.4 and also signs complying with the requirements and limitations of this Ordinance shall not be considered a Structure for the purpose of Setback and minimum Yard requirements.

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Proposed Language - PZC

ARTICLE VI - DEVELOPMENT PROVISIONS

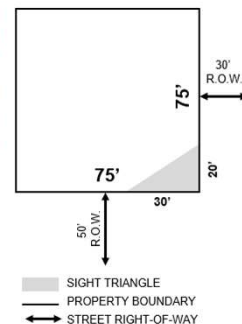
621 Retaining Walls Sight Visibility at Intersections

621.1 No retaining-wall Structures or vegetation taller than thirty-six (36) inches, as measured from the grade of the adjacent street, shall be constructed or allowed within a sight triangle as determined by Section 621.11 at any intersection of public or private streets.

621.11 A sight triangle shall be maintained at each corner of a property at the intersection of two streets. The sight triangle is a triangular area determined by measuring with sides measured from the corner of the property line to a points on the two property lines located at the distances set forth in the table below and the hypotenuse extending from the distance point on one street across the corner of the property to the distance point of the other street:

ROW Width	Distance (feet)
<u>< 40'</u>	<u>20'</u>
<u>50' > and ≥ 40'</u>	<u>25'</u>
<u>40 ≤ or < 50'</u>	
<u>≤ 50' ≥ 50'</u>	<u>30'</u>

621.12 Retaining walls taller than thirty-six (36) inches may be constructed in sight triangles below the grade of the adjacent street where, by reason of natural topography, the final height of the retaining wall is less than 36 inches above the pavement grade of the street located adjacent to the retaining wall.



12

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Board of Commissioners *Action*

MOTION: Approve, approve with revisions, or deny TA-2023-01.

N.C.G.S. 160D-605 requires the Board of Commissioners that addresses consistency with the Comprehensive Plan and other matters as deemed appropriate when adopting or rejecting any zoning text amendment.

The Planning and Zoning Commission found that TA-2023-01 with the proposed revisions is consistent with Montreat Tomorrow and supports Development Objective #4 the comprehensive plan.

13

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TA-2023-01 Text Amendment

Montreat Board of Commissioners
TBD, 2023



14

14



COMPREHENSIVE FINANCIAL POLICY

The Town of Montreat Financial Policy serves as the basis for the overall fiscal management of the Town's resources. These policies guide the Board of Commissioners and Administration in making sound financial decisions in maintaining Montreat's fiscal stability. Many of the policies outlined here are derivatives of the Local Government Budget and Fiscal Control Act. Other policies were developed by the Town to address specific financial issues in Montreat.

I. Objectives

1. To link long-term financial planning with short-term daily operations.
2. To maintain the Town of Montreat's ("The Town") stable financial position.
3. To ensure that Board of Commissioners' adopted policies are implemented in an efficient and effective manner.
4. To protect the Town from emergency fiscal crisis by ensuring the maintenance of service even in the event of an unforeseen circumstance.
5. To secure the highest possible credit and bond ratings by meeting or exceeding the requirements of bond rating agencies through sound, conservative financial decision making.

II. Operating Budget Policy

It is the Town's policy that the operating budget be prepared in accordance with Generally Accepted Accounting Principles. The Town's annual budget shall be adopted by July 1 and shall cover a fiscal year period beginning July 1 and ending June 30.

- a. The Town will adhere to all budgetary statutes and guidelines as set forth in the North Carolina Local Government Budget and Fiscal Control Act (G.S. 159-7 through G.S. 159-42.1)
- b. The Town's basis of budgeting for all funds will be modified accrual, the same basis of accounting found within the Town's audited financial statements.
- c. The Town's proposed budget will be balanced such that proposed expenditures will not surpass proposed revenues.
- d. Budgeted revenues will only be spent for those expenditures for which they are intended.
- e. As part of the annual budget planning process, Department Heads will meet with the Town Manager and Finance Officer to present previous



COMPREHENSIVE FINANCIAL POLICY

fiscal year expenditures, current year estimated expenditures, and requested expenditures for the upcoming fiscal year.

- f. Department budgets are reviewed by the Town Manager and the Finance Officer, prior to the presentation of the proposed budget to the Board of Commissioners. The Board members will review and provide oversight in the preparation of the proposed budget prior to its adoption.
- g. Staff authorization and an outline for budget revisions and amendments will be made within the annual budget ordinance.
- h. Debt service payments will be budgeted, following the guidelines presented when the loan was issued.
- i. Continuing contracts shall be processed in accordance with G.S. 160A-17, with sufficient funds appropriated to meet any amount to be paid under the contract in the current fiscal year and each subsequent year spanning the contract.
- j. The Town's financial policy will be followed in development, implementation, and management of the annual fiscal year budget.

A. Revenue Policy

The Town seeks to implement a diversified taxing policy that will ensure reasonable stability for operation at continuous service levels, but that will provide elasticity necessary for responding quickly to increased service demands. Revenue management includes within its focus, an ongoing process for reviewing and analyzing each revenue source to ensure that proceeds from each source are at an optimum level. Revenue estimates shall be set at realistic and attainable levels and shall be updated and revised as needed. Every attempt will be made to project revenues within 5% of final actual results, and the projections will be based on historical trends, growth patterns, and the economy. To meet these objectives the Town observes the following guidelines:

1. Ad Valorem Tax

As provided by the North Carolina Local Budget and Fiscal Control Act, estimated revenue from the Ad Valorem Tax levy will be budgeted as follows:



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- Assessed valuation will be estimated based on historical trends, growth patterns, and in a conservative manner.
- The estimated percentage of collection will not exceed the percentage of the levy actually realized in cash as of June 30 during the preceding fiscal year, in accordance with state law.
- The tax rate will be set each year based on the cost of providing general governmental services and paying debt service. Consideration will be given to future net revenue requirements for capital improvement project operational expenditure impacts and planned debt service.

2. Grant Funding

Staff will pursue opportunities for grant funding as they arise. Application will be made after the grant is determined by the Town Manager to be compatible with the Town's programs, objectives, and goals. If the Town Manager deems the potential grants to be compatible, the respective grant will be presented to the Board of Commissioners for consideration prior to formal application being made. If funds are awarded for approved grants, they will be accepted after Board review and action, including the creation of appropriate line items, as well as the approval of any associated budget amendments to account for the collection and expending of said funds.

3. Utility Rates

Utility rates will be reviewed annually considering net revenue requirements, realistic sales forecasts, contractual obligations including bond covenants, and utility conservation goals. Revenue requirements may include funds programmed for rate stabilization, utility capital projects, and reimbursement of indirect costs to the General Fund. Rates will be structured to meet conservation program goals with consideration for customer acceptance and reasonable efficiency in utility billing and collection administration. (For additional information see Town of Montreat Water Policies and Procedures)



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The Town will strive to ensure that the water/sewer enterprise fund is financially self-sufficient.

4. Other Revenue

All other revenue will be captured and appropriated, if needed, through the annual budget process to meet the Board of Commissioner's goals and objectives. One-time or other special revenues will not be used to finance continuing Town operations but instead will be used for funding special projects or the purpose they were intended.

B. Expense Policy

1. As provided in the North Carolina Local Budget and Fiscal Control Act, no expenditures are authorized beyond those provided in the annual budget ordinance.
2. Expenditures are budgeted for at the department level. Budget violations occur when the entire department has exceeded its annual budget.
3. Any contract, agreement, or purchase order must be pre-audited before it becomes an obligation of the Town, in accordance with G.S. 159-28(a) (For additional information see Town of Montreat Purchasing Policy and Electronic Payments Resolution)
4. Expenditures related to the Town's Capital Improvement Plan shall be introduced to the Board of Commissioners prior to March 1st or during the budget retreat of each fiscal year.
 - All planned capital expenses shall be included in the Capital Improvement Plan adopted as part of the annual budget ordinance.
 - All planned expenses which the Town Manager determines to be discretionary in nature shall be presented to the Board of Commissioners as part of the annual budget planning process.
5. The Board of Commissioners will be advised of all unplanned expenses above \$4,000 over the course of the fiscal year. Board-approved budget amendments detailing the funding source will be



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made for any unplanned expenses not otherwise absorbable in the annual budget.

C. Purchasing Policy

See Town of Montreat Purchasing Policy

III. Accounting, Auditing, and Financial Reporting

The Town of Montreat will establish and maintain its accounting systems according to the North Carolina Local Budget and Fiscal Control Act (G.S. 159) and will maintain its records and reporting in accordance with all Generally Accepted Accounting Principles (GAAP) and with all Governmental Accounting Standards Board (GASB) statements.

Financial systems will be maintained and reviewed to monitor expenditures and revenues to provide strong internal budgetary and accounting controls. These controls provide a reasonable, but not absolute, assurance with the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and reports. A financial report is provided to the Board of Commissioners on a monthly basis for status and review.

Per G.S. 159-34, an annual audit will be performed by an independent certified public accounting firm. Said firm will issue an official opinion on the annual financial statements, with a management letter detailing any Financial Performance Indicators of Concern (FPIC) and/or other areas that need improvement. As is required by law, the Town will provide steps of corrective action to the State's Treasurer's Office. These steps will also be published in the annual audit report.

IV. Internal Control/Cash Management Policy

See Town of Montreat Internal Control – Cash Management Policy

V. Capital Improvement Policy

A. Capital Improvement Plan

1. The Town will develop, review, and update annually a five-year capital improvement plan (CIP), including a projection of capital



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needs and expenditures which detail the estimated cost, description, and anticipated funding sources for capital projects during the annual budgeting process.

2. The first year of the five-year CIP will be the basis of formal fiscal year appropriations during the annual budget process. If new project needs arise during the year, a budget amendment, identifying both, the funding sources and project appropriations needed to provide formal budgetary authority for the new project will be presented to the Board of Commissioners for approval.
3. The CIP will generally address those capital assets with a value of \$5,000 or more and a useful life of a minimum of 3 years.
4. The CIP will align with the Town's Comprehensive Plan, to ensure that the capital items requested meet the future growth needs for the Town.
5. The Town will emphasize preventive maintenance as a cost-effective approach to potential infrastructure issues when possible.
6. Restricted revenue sources will be utilized whenever possible before unrestricted sources.

B. Capital Origination

1. Financing Sources:

The Town acknowledges pay-as-you-go financing as a significant capital financing source, but will ultimately determine the most appropriate financing structure for each capital project on an individual basis after examining all relevant factors of the project. Fund balances in excess of aforementioned guidelines may be used as a capital source for pay-as-you-go financing.

2. Capital Reserve Funds:

Capital Reserve Funds will be utilized whenever possible as one of the capital sources for pay-as-you-go financing in meeting the CIP.

3. Debt Management:

See Town of Montreat Debt Management Policy



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VI. **Investments**

It is the policy of the Town of Montreat to retain capital and invest publicly held funds in a manner which provides the highest investment return with the highest level of security while maintaining the daily cash flow requirements of the Town and conforming to all State statutes that govern the investment of public funds. This investment policy applies to all financial assets in the Town's investment portfolio, including debt proceeds.

The Finance Officer will oversee the investment of all funds held by the Town of Montreat according to the following:

1. Primary significance will be given to the preservation of capital with secondary significance given to the generation of income and capital gains.
2. The Finance Officer is responsible for establishing and maintaining a system of internal controls designed to ensure that the assets of the Town are protected from loss, theft, or misuse. (see Town of Montreat Internal Controls-Cash Management Policy)

VII. **Risk Management**

The Town of Montreat will develop policies and procedures to provide a reasonable, but not absolute, assurance with the safeguarding of assets against loss from unauthorized use or disposition and maximize public funds and other resources.

VIII. **Economic Development**

See Montreat Tomorrow – Comprehensive Plan



DEBT MANAGEMENT POLICY

The Town of Montreat maintains conservative financial policies to assure strong financial health both in the short and long-term. The Town, although an infrequent issuer of debt, does recognize the importance of debt management as a tool to finance large capital investments such as property acquisitions and the construction of new and replacement infrastructure.

Maintaining the Town's capacity to access long-term financing is an important objective of the Town's financial policies. The Town is committed to having strong financial policies, accounting controls, and detailed budgets. Together, these tools provide for prudent management of the Town's finances and provide for its financial health.

This policy sets forth the criteria for issuance and repayment of debt. The primary objective of the debt policy is to establish criteria that will protect the Town's financial integrity while providing a funding mechanism to meet the Town's capital needs. The underlying approach of the Town is to borrow only for capital improvements that cannot be funded on a pay-as-you-go basis. The Town will not issue long-term debt to finance current operations.

Debt will only be incurred for financing capital assets that, because of their long-term nature or because of budgetary restraints, cannot be acquired from current or budgeted resources. Long-term debt may be issued to finance capital acquisitions, finance land development, and refinance existing long-term debt.

The Debt Management Section, of the North Carolina State and Local Government Finance Division, counsels and assists local governments in determining the feasibility of a project, the size of the financing, and the most expedient form of financing. Upon approval by the Local Government Commission, the Division handles the sale and delivery of the debt and monitors its repayment.

All debt issued will be in compliance with this policy as well as all applicable State laws.

1. Long-term debt may not be issued to finance operating costs.
2. The Town will seek to structure debt and to determine the best type of financing for each financing need based on the flexibility needed to meet project needs, the timing

of the project, and the structure that will provide the lowest interest cost in the circumstances.

3. Debt financing will be considered in conjunction with the approval by the Council of the Town's Capital Improvement Plan.
4. The maximum term of any debt, except debt for land development, shall be the useful life of the asset to a maximum of 25 years. The maximum term for debt for land development shall be 10 years.
5. The Town will strive to maintain a high level of pay-as-you-go financing for its capital improvements.
6. Debt affordability
 - a. The net debt of the Town, as defined in G.S. 159-55, is statutorily limited to 8% of the assessed valuation of the taxable property within the Town. The Town will strive to maintain a net debt level of no greater than .5%.
 - b. Debt service as a percentage of the operating budget will not exceed 9%.
7. The Town will seek to employ the best and most appropriate strategy to respond to a declining interest rate environment. That strategy may include, but does not have to be limited to delaying the planned issuance of fixed rate debt, examining the potential for refunding of outstanding fixed rate debt, and the issuance of variable rate debt.