

**Town of Montreat
Board of Commissioners Meeting – Public Forum
December 14, 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
December 14, 2023 – 7:00 p.m.
Town Hall**

I. Call to Order

- Pledge of Allegiance
- Moment of Silence

II. Agenda Adoption

III. Mayor's Communications

IV. Consent Agenda

A. Meeting Minutes Adoption

- October 24th Annual Board Retreat Meeting Minutes
- November 9th Public Forum Meeting Minutes
- November 9th 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

- 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. Consideration of Financial Policies

- **Presenter: Savannah Parrish**
- **See Agenda Materials: pages 30-43**
- **Suggested Motion: Move to adopt/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

- **Board of Adjustment, Regular Monthly Meeting, Thursday December 21st at 5:00 p.m. in Town Hall with Zoom option**
- **Town Office Closed Christmas Holiday, Monday and Tuesday December 25th & 26th. Sanitation services will resume on Wednesday, December 27th.**
- **Montreat Landcare, January 3rd at 9:00 a.m. in Town Hall with Zoom options**
- **Planning & Zoning Committee Spring Training, January 11th from 10:00 a.m. – 11:30 a.m. in Town Hall**
- **January Town Council Meeting, January 11th at 7:00 p.m. in Town Hall with Zoom options. Public Forum will begin at 6:30 p.m.**
- **Town Hall Closed MLK Day, Monday January 15th. Sanitation services resume on Tuesday January 16th**
- **Planning & Zoning Committee Meeting, January 18th at 10:30 a.m. in Town Hall with Zoom options**
- **Tree Board, January 23rd at 9:30 a.m. in Town Hall with Zoom options**
- **Open Space Conservation Committee Special Meeting, January 24th at 2:00 p.m. in Town Hall**

- **Board of Adjustment Meeting, January 25th at 5:00 p.m. in Town Hall with Zoom options**

XIV. Adjournment

**Board of Commissioners
Annual Board Retreat Meeting Minutes
October 24, 2023
8:00 a.m.
Gaither Fellowship Hall**

Board members present: Mayor Tim Helms
Mayor Pro Tem Mason Blake
Commissioner Jane Alexander
Commissioner Kitty Fouche
Commissioner Tom Widmer

Board members absent: Commissioner Grant Dasher

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

Special Guests: Rebecca Jackson and Drew Finley of Fountainworks

There was one member of the public present at Gaither Fellowship Hall. Rebecca Jackson of Fountainworks welcomed everyone and briefly reviewed the agenda. Town Manager Savannah Parrish thanked everyone for being in attendance and stated that she was looking forward to the morning. Rebecca mentioned that this retreat was really intended for the Commission members to talk and learn from each other. Staff was on hand to be used as a resource only. Rebecca stated that the only rules for the session were full participation and active listening. The main objectives of the retreat were as follows:

- Review progress and recognize achievements
- Set strategic priorities for the next 12-24 months to help focus elected officials and enable staff to align resources with priorities
- Identify measurable and manageable outcomes

Review & Celebration of Accomplishments

The retreat began with a review and celebration of recent Town accomplishments, identified by the Commissioners.

Accomplishments

Town Projects

- Hired the Town Manager
- Completed major road improvements project
- Established a 24/7 convenience center behind Town Hall for garbage and recyclables

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- Switched to Manager- Council form of government
- Comprehensive Plan revision (ongoing project)
- Revised and cleaned up the planning and zoning ordinance

Financial Activities

- Received a clean audit of Town finances (mentioned twice)
- Increased water rates to better fund the Town's utility system
- Hired the Finance Director
- Corrected low fund balance issue

Communications & Other

- Established communications with County, State, and intergovernmental colleagues
- Kept the community informed through robust communications strategy
- Obtained BearWise certification

Commissioners were then asked to reflect on how it felt to see all of these accomplishments in one place. A few things mentioned were an appreciation for the excellent working relationship between staff and Commissioners along with pride in the ethic of transparency and open government that the Town has established. Commissioners also felt that they managed all these accomplishments while being surrounded by distractions.

How does it feel to see all of these accomplishments?

- Sense of relief
- Worked in the midst of distractions
- Sense of accomplishment
- Pride in staff and community

What are some factors that led to these successes?

- Staff and Commissioners work well together
- Doing the right thing – transparency
- Resilient staff – problem-solvers
- Great citizen interactions

Environmental Scan – Emerging Trends & Issues

This activity was an environmental scan designed to gain a sense of the emerging trends and issues that the Town is facing or will face in the future. A variety of trends were mentioned including external trends (happening in Montreat) or internal trends (happening within the Town organization), as well as, if the trends were challenging or encouraging.

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External Trends (Challenging)

- The increasingly high volumes of hikers who use the trails and infrastructure of the Town. This was as a result of the coronavirus pandemic and the wide-scale advertising efforts about the hiking. The Town welcomes and appreciates visitors, but the Town's infrastructure (primarily roads and parking) struggle to support the high influx of people that flock to the Town for recreation options.
- The Town has seen a significant increase in rental listings using Vrbo and Airbnb. Some residents who own property in Montreat but do not live there have unrealistic expectations, such as only wanting to pay taxes for part of the year.

Internal Trends (Challenging)

- The Town is increasing expenditures, which is causing revenue pressures. The Town's budget continues to grow with an array of planned projects, but the revenue the Town is bringing in is struggling to match this pace. The Town is seeking to diversify its revenue sources and identify new revenue streams.
- The Town's infrastructure is aging and in need of repair.
- The Town is engaged in an ongoing lawsuit over a proposed project.

External, Encouraging Trends

- The increase in rental listings has caused some issues for the Town, but these rental properties could offer new revenue streams, such as an occupancy tax.
- Highly engaged and active citizens.
- Community members admire and speak very highly of Town staff.

Internal, Encouraging Trends

- Staff are highly competent and understand the unique nature of the Montreat community.
- The Town's financial position is solid.
- Town staff's volume and methods of communication with citizens have been very strong.
- The Town's pursuit of stronger relationships with intergovernmental and interinstitutional partners will likely lead to more opportunities to share costs with these entities on important projects.

Visioning – Montreat Two Years from Now

The next activity involved the Mayor and Commissioners engaging in a visioning exercise that asked them to picture what they hope Montreat will look like two years from now. They were asked to think about potential news headlines for Montreat two years from now.

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- **Unity** among Town staff, citizens, and intergovernmental and interinstitutional partners.
- **Productive, cooperative spirit** between the “three-legged stool” of entities.
- **Preserve the natural environment** and beauty of Montreat for future generations to enjoy.
- Obtain **more control of development** occurring in Town’s extra-territorial jurisdiction.
- Potentially **build a parking garage** to accommodate increased demand for parking in Town.

Strategic Focus Areas – Identification & Prioritization

The next section focused on strategic focus areas that the Town plans to tackle over the next 1-2 years. Commissioners identified 8 strategic focus areas for the Town over the next 12 to 24 months. A graphic was displayed and each participant was given three small dot stickers on place on their top three strategic focus areas.

1. **Revenue** – (5 dot votes)

The Town aims to diversify its revenue sources which will in turn lead to revenue generation:

- Hire a grant writer to identify and apply for funding for various Town projects
- Continue citizen focus groups.
- Encourage greater contributions from partners such as the MRA and the College.
- Explore revenue generation options related to short-term rentals such as Airbnb and Vrbo.

2. **Public Works** – (4 dot votes)

Commissioners identified several Public Works projects and initiatives as a high-priority strategic focus area:

- Finish pedestrian bridge.
- Continue implementation of the water meter improvement projects.
- Continue to monitor water rate revenues and raise rates as needed to fund projects.
- Continue development of stormwater plan.
- Continue road repair projects.
- Replace aging/undersized water lines identified by Public Works staff

3. **Environment** – (3 dot votes)

- Encourage use of golf carts instead of cars where feasible to minimize emission impacts.
- Preserve, protect, and expand Montreat’s tree canopy.
- Continue chestnut replanting efforts.
- Finish Lake Susan dredging project.
- Work with the MRA and others to mitigate the effects of the increasingly high volume of hikers who use trails and infrastructure in the Town.

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- Continue to enhance the Town's stormwater infrastructure.

4. Intergovernmental Relations – (3 dot votes)

- Hold regular meetings with MRA and Montreat College
- Continue to establish and develop lines of communication with nearby municipalities, i.e. Black Mountain.
- Develop talking points and engaged in joint lobbying efforts with MRA and the College at the county, state and federal levels.

5. Public Safety – (2 dot votes)

- Focus on pedestrian safety and discourage speeding in high-traffic areas.
- Continue to support the firewise group in its efforts to prevent forest fires.
- Increase summer garbage collection to respond to higher numbers of bears reported near trash cans and dumpsters.

6. Staffing – (2 dot votes)

- Develop retention program to retain staff.
- Focus on key benefits such as family health and retirement insurance.
- Develop career ladders and encourage ongoing staff training and development.
- Incorporate lifestyle flexibility working options that allow for remote work and flexwork where feasible and appropriate.

7. Community Engagement – (1 dot votes)

- Continue to gather citizen input and maintain successful community engagement practices and processes.
- Collaborate with Black Mountain on areas of shared interest.
- Leverage the Town's active and engaged citizens.
- Continue to serve as a regional hub for the greater Montreat area.

8. Growth & Development – (0 dot votes)

- Continue implementation of comprehensive plan.
- Coordinate the Town's comprehensive plan with the plans of other entities.

Moving to Action – Identifying Next Steps

Commissioner discussed the resources they will need to achieve their goals.

Resources:

- Grant writer
- Citizen focus groups

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- State legislature
- Commissioners working with staff (divide and conquer tasks)
- Land of Sky Regional Council
- Budget for stormwater
- Infrastructure funding
- Expand CIP and fund balance

Public Comment

There was no Public Comment at this time.

Adjournment

The meeting was adjourned at 11:39 p.m.

Tim Helms, Mayor

Angie Murphy, Town Clerk

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

Board members present: Mayor Tim Helms
Commissioner Jane Alexander
Commissioner Grant Dasher
Commissioner Tom Widmer
Mayor Pro Tem Mason Blake

Board members absent: Commissioner Kitty Fouche

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

Approximately six 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. Mayor Pro Tem Mason Blake seconded and the motion carried 4/0.

Public Forum

Wade Burns of 779 Foreman Siding Rd mentioned that years ago a water storage tank was planned for the Greybeard area of Town but due to the expense involved the tank was never built. Mr. Burns urged the Council to consider funding this project in upcoming years because it could really help in the event of a fire emergency.

Adjournment

Commissioner Tom Widmer moved to adjourn the meeting. Commissioner Grant Dasher seconded and the motion carried 4/0. The meeting was adjourned at 6:43 p.m.

Tim Helms, Mayor

Angie Murphy, Town Clerk

**Board of Commissioners
Meeting Minutes
November 9, 2023**

Board members present: Mayor Tim Helms
Mayor Pro Tem Mason Blake
Commissioner Jane Alexander
Commissioner Grand Dasher
Commissioner Tom Widmer

Board members absent: Commissioner Kitty Fouche

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

Approximately twenty 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 approve the agenda as presented. Commissioner Jane Alexander seconded and the motion carried 4/0.

Presentations to Council – Black Mountain Fire Department Annual Report

Black Mountain Fire Department Chief John Coffey and Deputy Chief James Bingham thanked Council for tonight's invitation and advised that they intend to be more inclusive with the Town of Montreat since they are our Fire Department.

The Black Mountain Fire Department was established in 1919 as a volunteer organization. It changed over to a combination department in 1962 which it remains to this present day. The Black Mountain Fire Department is a dedicated workforce of highly motivated and technically skilled professionals of rapid response. It is their purpose to protect life and preserve property. They are a profession that knows no limit to what they respond too, and they must prepare without constraint to meet challenges of their chosen profession. They are numerous situations that they have to be proficient at in order to be successful.

Deputy Chief Bingham provided some interesting data including the number of incidents per month from 2021 – 2023, number of incidents by day of the week, and the peak hours of incidents per day.

Black Mountain Fire Department services 56.73 square miles (Town of Black Mountain is 6.71 square miles, East Buncombe Fire District is 48.02 square miles and Mutual Aid Agreement for High Rock Acres portion of McDowell County is 2 square miles) for 24 full time employees.

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November 9, 2023**

The Town of Montreat has had 100 calls for service in 2023:

- 66 Emergency Medical
- 27 Fire Alarm Activation
- 4 Reported vehicle fires
- 3 Missing person searches that lasted 2 hours each

Deputy Bingham advised that the North Carolina Office of the State Fire Marshal requires 244 hours of training annually and currently the Black Mountain Fire Department is averaging about 272 hours per person. The Fire Department regularly visits the local schools, offers tours of the fire station, participates in Safety Saturday, and the Town of Black Mountain Citizen's Academy.

Deputy Bingham discussed Community Risk Reduction with the Black Mountain Community Connect Service in which residents can use a smart device and let the Fire Department know if there are pets in the home or family members with medical problems so they are aware before they are dispatched to your home.

Deputy Bingham would like in the next five years to see a third station with a ladder truck, 3 person day and night shift and a training facility all in Black Mountain.

Mayor Helms, on behalf of the Council, thanked Chief Coffey and Deputy Chief Bingham for tonight's presentation as well as their continued service to the Town of Montreat.

Chief Coffey would like the Town of Montreat to help the Black Mountain Fire Department with a new initiative of risk reduction. It involves everything from clearing grounds around the house to fall prevention.

Mayor's Communications

Mayor Tim Helms read Resolution #23-11-0001 which declared the Guinea Fowl as the Official Bird of Montreat. "Guinea Dad" Walter Somerville was on hand to accept the resolution on behalf of his feathered flock. Mayor Helms also read Proclamation #23-11-0001 recognizing the tireless work of Presbyterian Heritage Center (PHC) Executive Director Ron Vinson. Mr. Vinson will be retiring at the end of December after leading the PHC for 16 years. Mr. Vinson received a well-deserved standing ovation from the crowd.

Meeting Minutes Adoption

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

Town Manager's Communications

Town Manager Savannah Parrish advised that the Town of Montreat joined Buncombe County in declaring a state of emergency with regards to outdoor burning due to the extraordinarily dry conditions. The ban includes all outdoor burning such as with fire pits and chimineas. Visit the Town of Montreat website at www.townofmontreat.org for more information. Ms. Parrish also took a moment to thank Finance Officer Rachel Eddings for all of her hard work during the recent 2023/2024 financial audit.

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.

Public Comment

There was no public comment at this time.

Old Business

There was no Old Business to discuss.

New Business

- A. Presentation of Annual Comprehensive Financial Report 2023: Levonia Reese of Carter, P.C., thanked the Town of Montreat for continuing to allow Carter, P.C. to be the Town's auditors. Montreat has used Carter, P.C. for the past four years and the auditors agreed that this was the best year yet! The audit went very smoothly even though there were staffing transitions. Ms. Reese advised that she and her associate, Fran Noel, met with the Audit Committee earlier this week and she was proud to say that an internal control letter was not issued. An internal control letter is required to be issued if auditors notice issues of significant weakness or material deficiencies. This is the second year in a row that Montreat has not received an internal control letter. There was no disagreements with management in getting the needed

information. There were also no difficulties in getting the audit issued. Ms. Reese advised that there were no compliance errors or budget violations. Ms. Reese advised that Montreat's fund balance as of June 30, 2023 was 46% of budgeted expenditures and the actual policy designates 35% as the fund balance. The auditing firm issued unmodified opinions on the financial statements. Ms. Reese also stated that several capital project and special revenue funds were closed in the current year. The closing of those funds were then transferred over into the General Fund. Ms. Reese also mentioned that the ARPA Funds received by the Town generated a compliance audit which passed. Total assets increased about \$300,000 and total liabilities increased about \$270,000 which was a result of an increase in the Town's pension liability. Net position (or net worth if talking in for profit terms) equated to \$280,000 which increased net position up to \$9 million dollars. Fund Balance in the General Fund was \$1.7 million which was an increase of \$500,000 over the previous year. There was a \$17,000 loss in the water fund and a transfer came from the general fund which left it at \$5,000. The Town maintains a 99.93% collection rate on property tax collection which includes registered motor vehicles. Mayor Helms took a moment to thank Hugh Alexander, Chair of the Audit Committee, and the rest of his group for all their hard work. To hear the presentation of the Annual Comprehensive Financial Report in its entirety please visit the following zoom link: <https://www.youtube.com/watch?v=0oOz3KxMVpA>

- B. Consideration of Text Amendment TA-2023-01 Montreat Zoning Ordinance – Article II and VI: Zoning Administrator Kayla DiCristina was out of town so this presentation was delivered by Town Manager Savannah Parrish. The Zoning Administrator received an application for a Text Amendment request from Brian Sineath of Sineath Construction on September 6, 2023. The applicant is a contractor for a property located on Hanover Terrace owned by Rick Wise. Ms. Parrish stated that the Montreat Zoning Ordinance defines 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. The packet contained recommended language from the applicant, staff and the Montreat Planning & Zoning Commission. Mayor Pro Tem Mason Blake spent some time reviewing this request and feels that the change to the definitions is fine and it solves the problem that was brought before the Town this evening. Mayor Pro Tem Blake went on to say that the second “change” was really a whole new provision. It’s a whole new restriction that is not in the current code at this time. The first change was a revision. Mayor Pro Tem Blake mentioned that the second change was unrelated to the request before Council this evening. Mayor Pro Tem Blake feels that if this item is not tabled that he plans to vote against it so there will at least be

two readings of the text amendment. Mayor Pro Tem Mason Blake moved to approve the portion of Text Amendment TA-2023-01 of the Montreat Zoning Ordinance that is in Article II, specifically with regards to what is in Section 201 of Article II, and table the portion that is in Article VI, Section 6. Commissioner Jane Alexander seconded and the motion carried 4/0.

- C. Consideration of Financial Policies: Town Manager Savannah Parrish advised that she had the Comprehensive Financial Policy and the Debt Management Policy which were in the meeting packet for review. Ms. Parrish advised there was no pressure to pass these policies if more time was required for review. Ms. Parrish advised that were a few more policies to be updated and presented to Council as well. Ms. Parrish explained that the Local Government Commission (LGC) wanted the Town to have these policies in place. Most of the items outlined are things that Town Staff are already doing but it just needs to be in writing. Mayor Pro Tem Mason Blake moved to table the consideration of financial policies until after a scheduled workshop which will include the personnel policy. Commissioner Grant Dasher seconded and the motion carried 4/0.

Public Comment

There was no public comment at this time.

Commissioner Communications

Commissioner Jane Alexander reminded everyone to be aware of people in the crosswalks now that the time has changed.

Mayor Pro Tem Mason Blake took an additional moment and thanked Finance Officer Rachel Eddings again for her hard work on the audit. Mayor Tim Helms echoed the sentiment.

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.

Closed Session

Commissioner Tom Widmer moved to enter into Closed Session in accordance with NCGS 143-318.11(6) for discussion of a personnel matter. Mayor Pro Tem Blake seconded and the motion carried 4/0.

Upon returning to Open Session no business was carried forward.

Adjournment

Commissioner Tom Widmer moved to adjourn the meeting. Mayor Pro Tem Mason Blake seconded and the motion carried 4/0. The meeting was adjourned at 7:55 p.m.

Tim Helms, Mayor

Angie Murphy, Town Clerk

**ADMINISTRATIVE REPORTS:
ADMINISTRATION**

Town Administration report for the month of November 2023

Monthly Statistics	2022	2023
Public Meetings	4	6
Inter-Organizational /Intergovernmental Meetings	1	0
Agendas Prepared	3	5
Minutes Transcribed	8	3
Resolutions Drafted	0	2
Public Records Requests Processed	2	4
Water Bills Processed	675	687
Leak Adjustments	1	2
New Water Accounts Established	1	2
Purchase Orders	94	62
Professional Development Hours	24	15
Sunshine List Messages		14
Website Posts	9	14
Social Media Posts	0	20
Code Red Alerts	0	0
Workers Compensation Claims	0	0

Upcoming Events and Schedule Changes

Comments

N/A

Staff Communications

N/A



TOWN OF MONTREAT

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

ADMINISTRATIVE REPORTS: BUILDINGS AND INSPECTIONS

Buildings and Inspections report for the month of November 2023

Monthly Statistics	2022	2023
Building Permits Issued	9	11
Pending Building Permits	14	0
Building Inspections Performed	0	24
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



TOWN OF MONTREAT

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ADMINISTRATIVE REPORTS: STREETS

Streets Department report for the month of November , 2023

Monthly Statistics	2022	2023
Miles of Road Maintained	15.46	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	364.23	\$353.49
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 November , 2023

Monthly Statistics	2022	2023
Mileage	3,137	2,438
Dispatched Calls	25	17
Officer-Initiated Calls	723	692
Fire Assistance Calls	2	1
EMS Assistance Calls	2	0
Motorist/Other Assistance Calls	25	9
Traffic Stops	35	24
Parking Issues	6	2
Burglar Alarm Responses	1	2
Fire Alarm Responses	4	4
Residential/Building Checks	565	569
Ordinance Violations	5	3
Law Enforcement Agency Assistance Calls	8	8
Animal Control Calls	0	1
Larcenies	1	0
Breaking & Entering Calls	0	1
Suspicious Person Investigations	4	2
Suspicious Vehicle Investigations	3	6
Disturbance Calls	4	2
Accident Responses	1	0
Auxiliary Hours Worked (Regular)	8	8
Auxiliary Hours Worked (Addittional)	12	36
Truck Turns at Gate	4	0
MPD Fuel Cost	\$ -	\$0.00
Professional Development Hours	0	24
Town Service	669	601
MRA Service	337	217
College Service	16	4

Comments

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



TOWN OF MONTREAT

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ADMINISTRATIVE REPORTS: WATER AND PUBLIC WORKS

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

Monthly Statistics	2022	2023
Calls for Service	70	52
Water Leaks Repaired	5	3
New Water Lines Installed	0	0
Water Meters Read	674	679
Water Meter Replacements	0	0
Gallons of Water Produced	3869767	3,321,632
Monthly Fuel Cost	868.42	\$ 359.78
Hours Pumped (11 wells combined)	2225	1,623

Comments

The Public Works Department would like to wish everyone a Merry and Blessed Christmas and a safe and Happy New year . May your travels be safe and your time with family be great.



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ADMINISTRATIVE REPORTS: SANITATION

Sanitation Department report for the month of November , 2023

Monthly Statistics	2022	2023
Tons of Curbside Trash Collected	24.13	25.45
Pay-As-You-Throw Trash Bags Collected	N/A	N/A
Tons of Curbside Recycling Collected	3.78	5.31
Pay-As-You-Throw Recycling Bags Collected	N/A	N/A
Cardboard Recycling Collected	N/A	N/A
Unique Curbside Sanitation Stops	1855	1,720
Bagged Leaf Pickup	914	1004.00
Brush Pickup (cubic yards)	4 Loads	4 Loads
Hauling Fees	4238	\$3,694.40
Tipping Fees	1219.57	\$1,269.11
Dumpster Rental Fees	454.26	\$460.26
Sanitation Fuel	397.05	\$ 353.06

Comments:

We had 0 Trash related issues this month.



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ADMINISTRATIVE REPORTS: ZONING ADMINISTRATION

Zoning Administration report for the month of November 2023

Monthly Statistics	2022	2023
Approved Zoning Permits	1	3
Denied Zoning Permits	0	0
Pending Zoning Permits	0	1
Variance/Interpretation Granted	0	0
Conditional Use Permits Granted	0	0
Permit Extensions Granted	0	0
Sign Permits Issued	0	0
Notices of Violation	1	0

Comments

Merry Christmas from Kayla DiCristina!

REVENUES

Fund	Fund #	Budget	YTD Budget	YTD Collected	Difference
GENERAL FUND	10	2,074,556.00	864,398.33	685,155.48	(179,242.85)
WATER FUND	30	359,734.00	149,889.17	145,916.05	(3,973.12)
TOTAL REVENUES GENERAL & WATER FUNDS		2,434,290.00	1,014,287.50	831,071.53	(183,215.97)

EXPENSES

Dept Name	Fund #	Budget	YTD Budget	YTD Exp	Difference
GOVERNING BODY	10	45,572.00	18,988.33	15,185.46	3,802.87
ADMINISTRATION	10	471,922.00	196,634.17	210,978.94	(14,344.77)
PUBLIC BUILDINGS	10	120,862.00	50,359.17	28,018.57	22,340.60
POLICE	10	439,974.00	183,322.50	168,591.61	14,730.89
BUILDING AND ZONING	10	94,600.00	39,416.67	44,229.00	(4,812.33)
PUBLIC WORKS	10	117,593.00	48,997.08	57,791.03	(8,793.95)
STREET	10	624,083.00	260,034.58	110,126.31	149,908.27
SANITATION	10	136,900.00	57,041.67	52,505.64	4,536.03
ENVIRON,CONS,REC	10	23,050.00	9,604.17	1,246.89	8,357.28
TOTAL EXPENSES GENERAL FUND		2,074,556.00	864,398.33	688,673.45	175,724.88

Dept Name	Fund #	Budget	YTD Budget	YTD Exp	Difference
WATER	30	359,734.00	149,889.17	92,322.87	57,566.30
TOTAL EXPENSES WATER FUND		359,734.00	149,889.17	92,322.87	57,566.30

TOTAL EXPENSES GENERAL & WATER FUNDS	\$2,434,290.00	\$1,014,287.50	\$780,996.32	\$233,291.18
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GENERAL FUND INCOME/LOSS - YTD **(179,242.85)**

WATER FUND INCOME/LOSS - YTD **57,566.30**

NET INCOME - YTD 2022 **\$50,075.21**

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%



November 2023 - MONTH 5 OF FISCAL YEAR 2023-2024

REVENUES

Fund	Fund #	Budget	YTD Projected		YTD Collected	YTD Actual Percentage	Difference
			YTD Budget	Budget Percentage			
GENERAL FUND	10	2,030,592.00	846,080.00	41.67%	526,033.14	25.91%	(320,046.86)
WATER FUND	30	399,844.00	166,601.67	41.67%	1,277.04	0.32%	(165,324.63)
TOTAL REVENUES GENERAL & WATER FUNDS		2,430,436.00	1,012,681.67	41.67%	527,310.18	21.70%	(485,371.49)

EXPENSES

Dept Name	Fund #	Budget	YTD Projected		YTD Exp	YTD Actual Percentage	Difference
			YTD Budget	Budget Percentage			
GOVERNING BODY	10	50,903.00	21,209.58	41.67%	17,530.82	34.44%	3,678.76
ADMINISTRATION	10	533,616.00	222,340.00	41.67%	256,507.06	48.07%	(34,167.06)
PUBLIC BUILDINGS	10	120,116.00	50,048.33	41.67%	28,484.25	23.71%	21,564.08
POLICE	10	494,744.00	206,143.33	41.67%	178,607.41	36.10%	27,535.92
BUILDING AND ZONING	10	91,400.00	38,083.33	41.67%	33,602.90	36.76%	4,480.43
PUBLIC WORKS	10	133,205.00	55,502.08	41.67%	54,372.93	40.82%	1,129.15
STREET	10	391,358.00	163,065.83	41.67%	118,739.30	30.34%	44,326.53
SANITATION	10	192,200.00	80,083.33	41.67%	100,745.54	52.42%	(20,662.21)
ENVIRON,CONS,REC	10	23,050.00	9,604.17	41.67%	7,743.82	33.60%	1,860.35
TOTAL EXPENSES GENERAL FUND		2,030,592.00	846,080.00	41.67%	796,334.03	39.22%	49,745.97

Dept Name	Fund #	Budget	YTD Projected		YTD Exp	YTD Actual Percentage	Difference
			YTD Budget	Budget Percentage			
WATER	30	399,844.00	166,601.67	41.67%	133,031.19	33.27%	33,570.48
TOTAL EXPENSES WATER FUND		399,844.00	166,601.67	41.67%	133,031.19	33.27%	33,570.48
TOTAL EXPENSES GENERAL & WATER FUNDS		\$2,430,436.00	\$1,012,681.67	41.67%	\$929,365.22	38.24%	\$83,316.45
GENERAL FUND INCOME/LOSS - YTD							(\$270,300.89)
WATER FUND INCOME/LOSS - YTD							(\$131,754.15)
NET INCOME - YTD 2024							(\$402,055.04)

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	32,742.24	1,626.78	6,565.00	26,177.24		79.95%
AMERICAN RESCUE PLAN ACT	28	277,266.78	0.00	204,124.37	73,142.41		26.38%
TOTAL SPECIAL PROJECTS		\$ 524,756.02	\$ 1,626.78	\$ 283,542.40	\$ 241,213.62		45.97%

Date of Deposit	Jul-22	Jul-23	% +/-	Aug-22	Aug-23	% +/-	Sep-22	Sep-23	% +/-	Oct-22	Oct-23	% +/-	Nov-22	Nov-23
Ad'Val/RMV (Includes Sp Assess&Ded Fees)	2,467.17	2,021.44	-22%	8,783.55	9,164.35	4%	115,574.01	69,593.42	-66%	96,696.17	146,659.11	34%	84,706.01	72,079.39
Sales	48,247.41	47,103.37	-2%	50,254.48	51,442.97	2%	52,432.25	55,100.98	5%	51,787.47	52,397.02	1%	51,747.54	51,397.25
Solid Waste (Quarterly)				157.37	198.73	21%							186.60	203.58
Utility Fran (Quarterly)							19,305.00	20,713.30	7%					
Wine/Beer (Annual-May)								QE 6/30/23						

NOTES:

Ad'Val 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

November Building Permit Information

5958	11/2/2023	John McGill	403 Appalachian Way	bldg	resid repairs	no	69000		Blk Mtn Handyman	\$ 524
5959	11/2/2023	Charles Fievet	529 Greybeard Trail	elect/mech	mini-split	no			White & Williams	\$ 100
5960	11/3/2023	Montreat Pool	351 Texas Road	electrical	wire new pump	no			B&S Electrical	\$200
5961	11/3/2023	Chelsea Ragland	123 Kanawha Dr	resi addition	porch/deck	yes	43200		Archadeck	\$ 529
5962	11/7/2023	MRA	Assembly Dr-Anderson	elect	6 ton hpco	no			Osteen & Lemmons	\$ 100
5963	11/8/2023	Pat McBride	516 Wyck Road	elect/mech	2.5 ton hpco	no			White & Williams	\$ 100
5964	11/8/2023	Mary Brueggerman	439 Kentucky Rd	building	resid remodel	no	106283		Dan Hensley Construction	\$ 1,308
5965	11/13/2023	Chandler Ragland	123 Kanawha Dr	electrical	elect wiring	no			Gentry Service Group	\$ 100
5966	11/13/2023	Gill & Martha Campbell	304 Texas Road	building	retain wall repair	no	35000		Trillium Creek/Jake Powell	\$ 300
5967	11/21/2023	Dan & Mary Ann Zorn	112 Kanawha Dr	mec/elec/plu	gas generator	no			Stuller Power Solutions	\$ 200
5968	11/30/2023	Karen Hoffman	163 Mississippi Rd	mec/elec/plu	gas furnace	no			Gentry Service Group	\$ 100



COMPREHENSIVE FINANCIAL POLICY

The Town of Montreat Comprehensive 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 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 fiscal year expenditures, current year estimated expenditures, and requested expenditures for the upcoming fiscal year.



COMPREHENSIVE FINANCIAL POLICY

- 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 maintain a reasonable taxing policy that will ensure 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 all revenue sources to ensure that proceeds from each source are budgeted at an appropriate 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:

- Assessed valuation will be estimated based on historical trends, growth patterns, and in a conservative manner.



COMPREHENSIVE FINANCIAL POLICY

- 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, capital requirements for system repair and maintenance based on accurate assessments of the usable life of the department's portions of the system 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 any conservation program goals. (For additional information see Town of Montreat Water Policies and Procedures)



COMPREHENSIVE FINANCIAL POLICY

The Town will strive to ensure that the water 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.
 - The capital improvement plan adopted as part of the annual budget process shall include planned capital expenses which the Town Manager had identified to be discretionary.
5. The Board of Commissioners will be advised of all unplanned expenses above \$4,000 over the course of the fiscal year through



COMPREHENSIVE FINANCIAL POLICY

formal notification at the monthly town meeting accompanied with a budget amendment request.

6. Board-approved budget amendments detailing the funding source are required 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



COMPREHENSIVE FINANCIAL 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 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.
7. Grant funding will be explored whenever possible and appropriate to fund capital improvement projects.

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:



COMPREHENSIVE FINANCIAL POLICY

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

VI. **Investments**

It is the policy of the Town of Montreat to retain capital and invest publicly held funds in a manner which conforms to all State statutes that govern the investment/holding 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 - Internal Controls**

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, when appropriate, 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 up 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.
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.



FUND BALANCE POLICY

The Local Government Commission of the NC Department of State Treasurer (LGC), which is charged with the oversight of the fiscal health of North Carolina counties and municipalities, recommends that local governments develop a fund balance policy to assist in cash flow management and help insure financial stability in the event of unforeseen circumstances. The LGC recommends that each local government determine the level of fund balance required under its fund balance policy based on such local government's specific needs and circumstances, using information provided by the LGC and other tools as a guide.

I. OBJECTIVES

The objectives of this Fund Balance Policy are as follows:

- Plan for contingencies. Unexpected decreases in revenue can occur due to unforeseen circumstances. Likewise, increases in operating costs or capital costs can be caused by unanticipated events such as hurricanes. An "Accessible Fund Balance," as that term is defined hereinbelow in this policy, can provide a reserve of funds to make up for such temporary revenue shortfalls or increased costs.
- Adequate cash flow management. An Accessible Fund Balance can provide the funds needed to maintain liquidity during the times of the year when levels of incoming revenue are low.
- Maintain credit rating. An adequate Accessible Fund Balance enhances the Town's ability to repay debt on time and in full, and thus will help maintain the Town's credit and bond ratings.
- Generate investment income. An Accessible Fund Balance can be a source of investment income that diversifies revenue streams and decreases reliance on taxes.
- Creating a Shared Understanding. A formal fund balance policy clearly outlines appropriate use of funds in the Accessible Fund Balance.



FUND BALANCE POLICY

II. ADMINISTRATION AND IMPLEMENTATION

The Town Manager and Finance Officer are charged with carrying out this Fund Balance Policy. The Town Manager shall develop operating budgets that maintain the Accessible Fund Balance in accordance with this policy. The Finance Officer shall maintain the Town's finances in compliance with this policy. The Town Manager and Finance Officer shall annually review fund balances maintained by municipalities similar in size to the Town that provide similar services, as well as other resources provided by the LGC, to evaluate the adequacy of the Accessible Fund Balance percentage required in this policy. A report on this evaluation shall be provided to the Board of Commissioners annually in connection with the adoption of the annual budget.

III. FUND BALANCE AND COMPONENTS OF FUND BALANCE

"Fund balance" is a term used in government accounting and is defined as the difference between a fund's assets and liabilities. Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governs the descriptions used to report fund balance. The statement focuses on the "extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent" and breaks the total fund balance into five different components:

Non-spendable fund balance represents amounts that cannot be spent because they are either (a) physically not in spendable form or (b) legally or contractually required to be maintained intact (e.g., inventory and prepaid items).

Restricted fund balance represents amounts that can be spent only for the specific purposes stipulated by state law or the external resource providers, whether constitutionally or through enabling legislation (e.g., grants, debt proceeds, Powell Bill funds and other funds restricted by state statute).

Committed fund balance represents amounts that have been can only be used for the specific purposes determined by a formal action by the Board of Commissioners (including through a resolution or ordinance).



FUND BALANCE POLICY

Assigned fund balance represents amounts earmarked by the Town for specific purposes. An example includes funds assigned by the Board of Commissioners for specific capital projects.

Unassigned fund balance represents the residual classification of the general fund and includes all spendable amounts not contained in the other categories.

IV ACCESSIBLE FUND BALANCE

The sum of the final two components listed above, assigned fund balance and unassigned fund balance, is herein defined and referred to as the “Accessible Fund Balance.” The Accessible Fund Balance is the portion of the fund balance required to be maintained by this Fund Balance Policy, because the amounts represented either (i) are unrestricted, or (ii) are restricted, but the restrictions can be removed by the Board of Commissioners because they are self-imposed. Although restrictions on committed fund balance amounts may be removed by formal action of the Board of Commissioners, to be conservative and consistent with the recommendations of the LGC, committed fund balance is not included in the definition of Accessible Fund Balance.

Note the term “fund balance available for appropriation” provided for in NCGS 159-8(a) is not the same as “Accessible Fund Balance” because it includes funds that are restricted in nature and that are already committed to be spent. In the past, the Town has utilized “fund balance available for appropriation” provided for in NCGS 159-8(a) in its fund balance policy. This policy utilizes “Accessible Fund Balance” because it is a more accurate and conservative measure and because it is recommended for use by the LGC.

V. FUND BALANCE POLICY

The Town Board of Commissioners hereby establishes a policy requiring the Accessible Fund Balance for the general fund to be an amount not less than thirty-five percent (35%) of budgeted general fund expenditures. For purposes of this calculation, budgeted general fund expenditures shall be total budgeted general fund expenditures (including debt service), excluding other financing sources and uses (e.g., capital leases and installment purchases). The Accessible Fund Balance percentage provided for in this Section V shall be calculated annually based on (i) the assigned fund balance and the unassigned fund balance



FUND BALANCE POLICY

amounts held on June 30th of each year, and (ii) the total budgeted general fund expenditures for the fiscal year beginning on the immediately following July 1st.

That portion of Accessible Fund Balance which is equal to or below the required thirty-five percent (35%) level may not be used except with the approval of the Board of Commissioners in dire financial circumstances (or in the case of one-time expenditures for long-term financial benefit, circumstances presenting significant financial opportunity to the Town) in order to:

- Provide resources to offset unforeseen revenue shortfalls in combination with expenditure reductions.
- To fund emergency expenditures in the event of a disaster.
- Provide for one-time expenditures that are for the long-term financial benefit of the Town (e.g., refinancing at lower interest rates and capital outlay for items that appreciate in value).

When adopting an appropriation of Accessible Fund Balance that reduces the Accessible Fund Balance for the general fund to be an amount less the required level set forth in this policy, the Board of Commissioners shall also adopt a plan with specific actions to be taken to restore the Accessible Fund Balance to the required level within thirty-six (36) months without severe hardship to the Town. If the restoration of the general fund balance to the required level cannot be completed in 36 months without severe hardship to the Town, the Board of Commissioners will adopt an alternative restoration plan.

VI USE OF EXCESS ACCESSIBLE FUND BALANCE

Any Accessible Fund Balance above the Town's Accessible Fund Balance requirement should be considered as a funding source for capital needs on a pay-as-you-go basis as adopted through the annual budget process. All expenditures made using appropriations from any Accessible Fund Balance above the Town's Accessible Fund Balance requirement that were not approved and included in the current year's budget will require the Board of Commissioner's approval. Appropriations outside the annual budget will generally be limited but are not restricted to:



FUND BALANCE POLICY

- Expenditures to support or facilitate projects that generate new revenues or cost savings in excess of the investments within established time frames.
- Interim partial year funding for new programs that are needed before the next fiscal year.
- Costs related to unanticipated workload in the current fiscal year that cannot be addressed with budgeted resources.
- Prudent supplemental funding for existing capital projects that require additional resources before the next fiscal year in order to fund unanticipated costs, avoid excessive delays, or improve service levels.