



TOWN OF MONTREAT, NORTH CAROLINA

Annual Comprehensive Financial Report

Year Ended June 30, 2022

TOWN OF MONTREAT, NORTH CAROLINA

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INTRODUCTORY SECTION

TOWN OF MONTREAT, NORTH CAROLINA

October 27, 2022

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, 2022 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 generally accepted governmental auditing standards.

Generally, 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 to be a step beyond this minimal requirement. Local governments produce Annual Reports in an attempt to better inform their elected officials and the general public about their financial condition. In some cases, lenders may also expect to see 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 that have been established by the Government Finance Officers Association (GFOA.) These standards are somewhat flexible, given that there are so many differences between governmental units at the state and local level. This Annual Report reflects the attempt of the Town's administration to provide the reader with that information, which we believe to be most relevant to our particular situation and to the needs of our elected officials and our citizens.

Responsibility for the accuracy of the data and the completeness 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. The administration has gone to great lengths to analyze and strengthen our internal controls to minimize any material misstatements in the

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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 Accounting Standards 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. Our Capital Projects Funds include new buildings and infrastructure storm repair. 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 Town's Board of Commissioners to counteract the effects of the pandemic and prior reduction in the General Fund's fund balance, 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 condition.

Profile of the Town

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

Montreat is a small community with an official population of 991 people according to the state demographer in the North Carolina Office of State Budget and Management. This number is somewhat deceptive as far more people than that live in Montreat temporarily over the course of the year,

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especially during the summer months, while there is a different population of Montreat College students during the school year.

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

There are no industrial and only a bare minimum of 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 recently adopted Council-Manager 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, sanitary sewer, 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 of, 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 203 people over the age of 16 were employed in Montreat, with a median income of \$99,583 according to the 2020 United States Census data. Also, the Town has a median household income of \$190,750. 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

TOWN OF MONTREAT, NORTH CAROLINA

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 (MSA) and the entire Southern Highlands region have become attractive destinations for retirees over the past several decades. As a consequence, the median age for the Asheville MSA is 44.4 years vs. 38.6 years nationally, according to United States Census data. The source of household income within the entire region is skewed more toward unearned income (investment income, rents, pensions, government transfer payments) and away from earned income (salaries and wages) than the national average. The advantage of this is that the unearned income tends to be more stable than is the case with earned income subject to cyclical fluctuations in employment. This in turn means that the regional economy has been more stable and less vulnerable to the extremes of the boom-and-bust cycles that have been inflicted upon the national economy as a whole. The unemployment rate in the Asheville MSA reached 3.2 % in August 2022.

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 the national averages. For example, the median household income, per the 2020 United States Census data in Buncombe County is \$64,532 vs. a national average of \$67,521. Montreat is a more affluent community than is typical for our area, and our residents thus enjoy higher incomes: the median income for Montreat is \$99,583.

The Asheville region has experienced 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 municipal limits, 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 sectors in our area reflects the nationwide trend and the United States 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 locally over the internet.

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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 COVID pandemic, we are already seeing positive signs of 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 and Major Initiatives

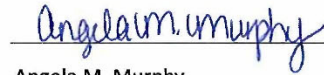
The Town's Board of Commissioners and staff are dedicated to managing the Town's financial affairs in a professional and prudent manner, and to maintaining the Town in sound financial condition. To this end, we avoid running operating deficits and funding operations with appropriated fund balance unless absolutely necessary. Our indebtedness is far below the maximums mandated by the North Carolina General Statutes. We strive to manage the Town's operations efficiently. The Water Fund is operated as much as possible on a self-supporting basis. We also attempt to establish water rates that are fair and considerate to all users.

The Board of Commissioners, in collaboration with Town staff, produces a set of goals as part of the annual budget and Capital Improvement Plan (CIP) process. Both documents may be found on the Town's website (<https://townofmontreat.org/>.)

The preparation of this Comprehensive Annual Financial Report was made possible with the assistance of Carter, P.C., and with the aid 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.



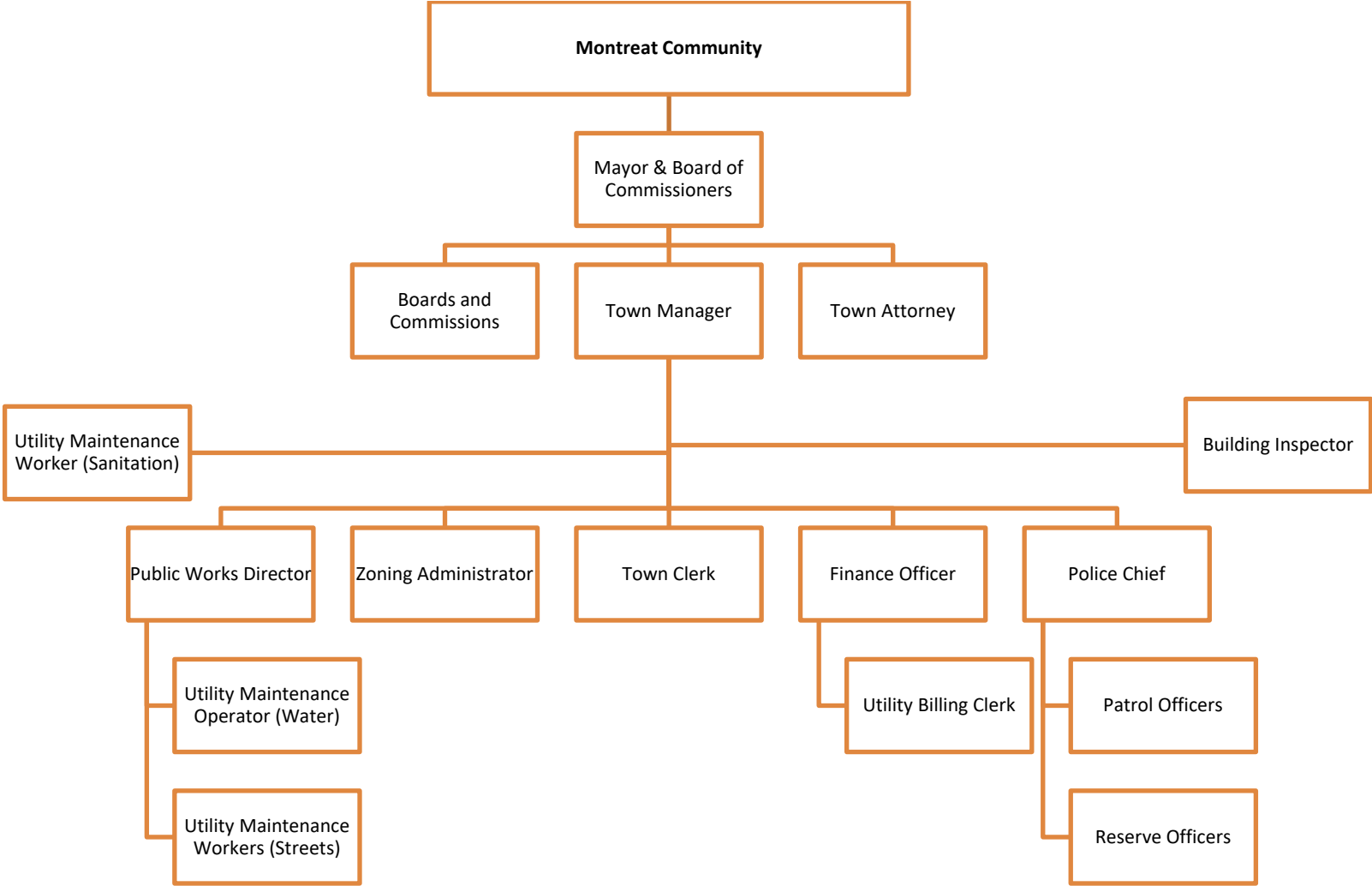
Ben T. Blackburn
Town Manager (Interim)



Angela M. Murphy
Town Clerk

TOWN OF MONTREAT, NORTH CAROLINA

ORGANIZATIONAL CHART



TOWN OF MONTREAT, NORTH CAROLINA

LIST OF PRINCIPAL OFFICIALS

Town Council Members

Honorable Tim Helms, Mayor
Tom Widmer, Mayor Pro Tem
Jane Alexander
Katheryn Fouche
Mason Blake
Kent Otto

Audit Committee

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

Administrative and Financial Staff

Ben Blackburn, Town Manager
Darlene Carrasquillo, 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

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, 2022, 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, based on our audit, 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, 2022, 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). 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.

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 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, 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, 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

Required Supplementary Information (continued)

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.

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

CARTER, P.C.

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, 2022. 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

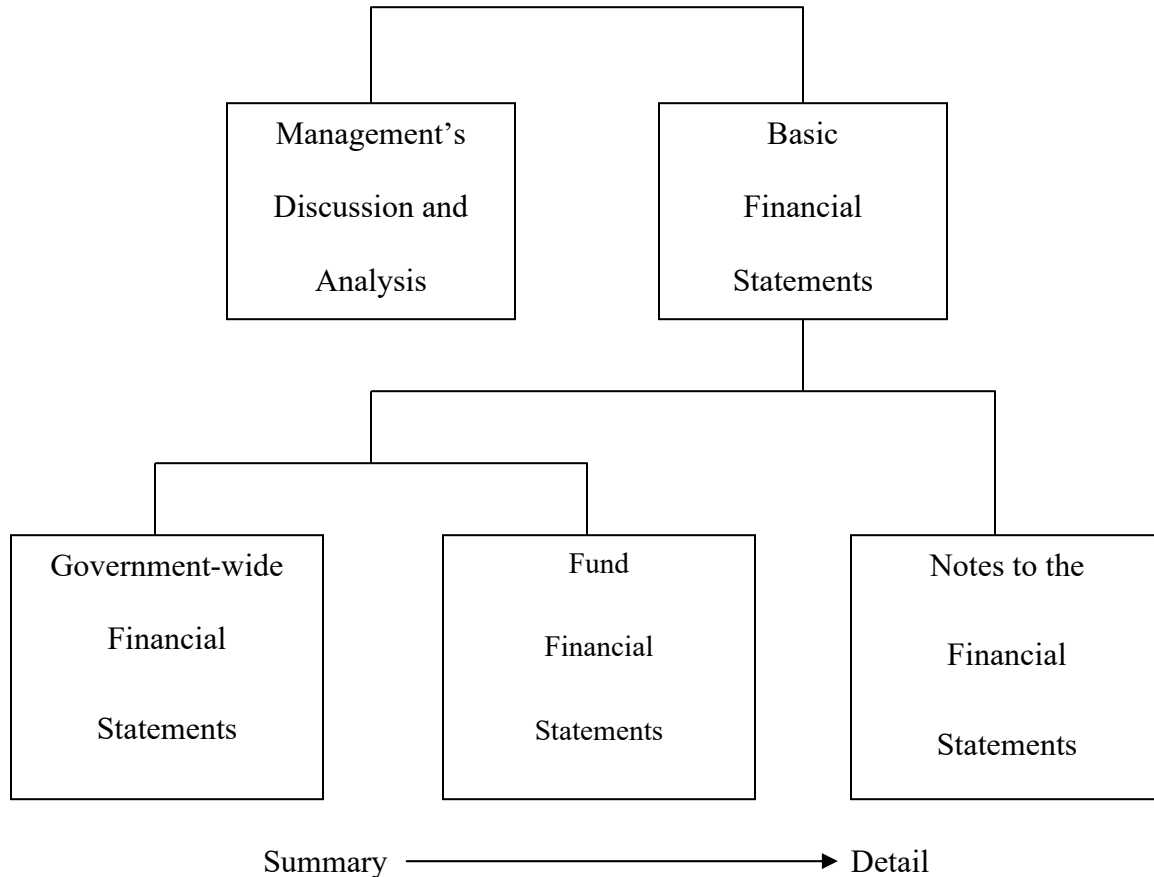
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,408,718 (*net position*).
- The government's total net position increased by \$482,919, primarily due to increases in tax revenues.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$1,441,922, with a net increase of \$566,452 in fund balance. Approximately 17.32% of this total amount, or \$249,692 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$893,598 or 55.20% of total general fund expenditures and transfers out for the fiscal year.
- The Town's total debt decreased by \$383,782 (20.11%) during the current fiscal year, primarily due to scheduled debt service payments and decrease in pension related debt.

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



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

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

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Government-Wide Financial Statements

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

The two government-wide statements report the Town's net position and how 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 three 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. Required supplementary information can be found beginning on page 48 of this report.

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

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Government-Wide Financial Analysis

Town of Montreat's Net Position
Figure 2

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 1,458,856	\$ 933,475	\$ 930,207	\$ 885,537	\$ 2,389,063	\$ 1,819,012
Capital assets	<u>6,206,504</u>	<u>6,392,562</u>	<u>1,360,232</u>	<u>1,432,032</u>	<u>7,566,736</u>	<u>7,824,594</u>
Total assets	<u>7,665,360</u>	<u>7,326,037</u>	<u>2,290,439</u>	<u>2,317,569</u>	<u>9,955,799</u>	<u>9,643,606</u>
Total deferred outflows of resources	<u>254,707</u>	<u>268,590</u>	<u>17,286</u>	<u>13,053</u>	<u>271,993</u>	<u>281,643</u>
Long-term liabilities outstanding	1,128,965	1,454,190	272,936	325,493	1,401,901	1,779,683
Other liabilities	<u>102,761</u>	<u>143,018</u>	<u>51,262</u>	<u>54,743</u>	<u>154,023</u>	<u>197,761</u>
Total liabilities	<u>1,231,726</u>	<u>1,597,208</u>	<u>324,198</u>	<u>380,236</u>	<u>1,555,924</u>	<u>1,977,444</u>
Total deferred inflows of resources	<u>245,357</u>	<u>20,621</u>	<u>17,793</u>	<u>1,385</u>	<u>263,150</u>	<u>22,006</u>
Net position:						
Net investment in capital assets	5,341,705	5,444,896	1,058,751	1,084,229	6,400,456	6,529,125
Restricted	249,692	239,171			249,692	239,171
Unrestricted	<u>851,587</u>	<u>292,731</u>	<u>906,983</u>	<u>864,772</u>	<u>1,758,570</u>	<u>1,157,503</u>
Total net position	<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>

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 \$8,408,718 as of June 30, 2022. The Town's net position increased by \$482,919 for the fiscal year ended June 30, 2022. However, the largest portion reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Montreat uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Montreat's 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, \$249,692, 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 99.96%. The statewide average in fiscal year 2022 was 99.12%.
- Increased tax revenues of approximately \$17,000 due to growth of the Town and increased sales tax revenues of approximately \$87,000.
- 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program revenues:						
Charges for services	\$ 112,415	\$ 68,427	\$ 347,544	\$ 340,336	\$ 459,959	\$ 408,763
Operating grants and contributions	195,269	257,147			195,269	257,147
Capital grants and contributions	19	2,705			19	2,705
General revenues:						
Property taxes	1,244,477	1,079,096			1,244,477	1,079,096
Sales taxes	544,354	457,847			544,354	457,847
Other taxes	93,730	93,117			93,730	93,117
Investment earnings	796	487	45	35	841	522
Other	<u>7,207</u>	<u>5,133</u>			<u>7,207</u>	<u>5,133</u>
Total revenues	<u>2,198,267</u>	<u>1,963,959</u>	<u>347,589</u>	<u>340,371</u>	<u>2,545,856</u>	<u>2,304,330</u>
Expenses:						
General government	632,590	539,937			632,590	539,937
Public safety	385,378	460,939			385,378	460,939
Transportation	520,124	505,964			520,124	505,964
Environmental protection	130,640	134,919			130,640	134,919
Cultural and recreation	34,221	26,657			34,221	26,657
Interest on long-term debt	29,128	31,588			29,128	31,588
Water			<u>330,856</u>	<u>276,722</u>	<u>330,856</u>	<u>276,722</u>
Total expenses	<u>1,732,081</u>	<u>1,700,004</u>	<u>330,856</u>	<u>276,722</u>	<u>2,062,937</u>	<u>1,976,726</u>
Increase in net position	466,186	263,955	16,733	63,649	482,919	327,604
Net position, beginning	<u>5,976,798</u>	<u>5,712,843</u>	<u>1,949,001</u>	<u>1,885,352</u>	<u>7,925,799</u>	<u>7,598,195</u>
Net position, ending	<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>

Governmental activities. Governmental activities increased the Town's net position by \$466,186, accounting for 97% of the total increase in the net position of the Town of Montreat. The increase net position was the result of additional grants received 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. Town 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 2022 was a significant improvement but plans on continuing a long-term strategy to realize continued fiscal health.

Business-type activities. Business-type activities increased the Town of Montreat's net position by \$16,733 accounting for 3% of the total increase of the government's net position. A key element of this increase was water fund billings. Cost-saving measures are being taken to continue reduce operating costs in the Water Fund and improve fiscal health.

TOWN OF MONTREAT, NORTH CAROLINA

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 \$893,598, while total fund balance reached \$1,163,405. 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 52.77% of general fund expenditures, and total fund balance represents 68.70% of the same amount.

At June 30, 2022, governmental funds reported a combined fund balance of \$1,441,922, with a net increase in fund balance of \$566,452. Included in this change in fund balance is an increase in fund balance in the general fund of \$438,169.

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 \$906,983. The total change in net position for the Water Fund was \$16,733. The change in net position in the Water Fund is primarily a result increased water billings in the fund. Custodial assets and liabilities in the proprietary fund total \$22,445 as of June 30, 2022.

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, 2022, totals \$7,566,736 (net of accumulated depreciation). 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, 2022.

TOWN OF MONTREAT, NORTH CAROLINA

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,057,505	\$ 1,057,505	\$ 367,968	\$ 367,968	\$ 1,425,473	\$ 1,425,473
Buildings	2,330,612	2,379,140	60,415	63,968	2,391,027	2,443,108
Building improvements	3,897	5,710	418,084	437,993	421,981	443,703
Infrastructure	2,676,902	2,753,640	494,204	549,352	3,171,106	3,302,992
Equipment	91,507	108,988	19,561	12,751	111,068	121,739
Vehicles	46,081	87,579			46,081	87,579
Total	<u>\$ 6,206,504</u>	<u>\$ 6,392,562</u>	<u>\$ 1,360,232</u>	<u>\$ 1,432,032</u>	<u>\$ 7,566,736</u>	<u>\$ 7,824,594</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, 2022, The Town of Montreat's debt consisted of installment notes, compensated absences, and pension related debt.

Town of Montreat's Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Bonds payable	\$	\$	\$	\$ 6,000	\$	\$ 6,000
Installment purchases	864,799	947,666	301,481	341,803	1,166,280	1,289,469
Compensated absences	93,106	86,217			93,106	86,217
Pension related debt (LGERS)	134,221	306,530	11,777	24,012	145,998	330,542
Pension related debt (LEOSSA)	119,706	196,644			119,706	196,644
Total	<u>\$ 1,211,832</u>	<u>\$ 1,537,057</u>	<u>\$ 313,258</u>	<u>\$ 371,815</u>	<u>\$ 1,525,090</u>	<u>\$ 1,908,872</u>

Town of Montreat's Outstanding Debt. The Town of Montreat's total long-term obligations decreased by \$383,782 (20.11%) during the current fiscal year. The key factors in the decrease were planned debt service principal payments and decreases in pension related debt.

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 \$22,243,795.

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.

- Consistent 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, 2023

Governmental Activities: Property taxes and other tax revenues are expected to increase during 2023. 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. Management has seen some improvement in areas that were affected by COVID-19 and anticipates more growth in coming years.

Budgeted expenditures in the General Fund are expected to increase approximately 23% to \$2,074,556. The budgeted increases are in response to an overall general increase in costs.

Business-type Activities: Budgeted Water Fund revenues for the fiscal year ending June 30, 2023, have been estimated at \$359,734. This represents an increase of \$12,145, or 4%, from the final actual revenues of \$347,589 for the fiscal year ended June 30, 2022. 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, 2023, equal \$359,734. This is an increase of \$28,878, or 9%, from the final actual expenditures of \$330,856 for fiscal year ended June 30, 2022. This is primarily due an increase in residents and rentals during 2023, 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 bblackburn@townofmontreat.org for more information.

BASIC FINANCIAL STATEMENTS

Exhibit 1**TOWN OF MONTREAT, NORTH CAROLINA**Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,140,508	\$ 880,436	\$ 2,020,944
Taxes receivable, net	187,276		187,276
Accounts receivable, net		25,845	25,845
Inventories		16,540	16,540
Restricted cash and cash equivalents	131,072	7,386	138,458
Total current assets	<u>1,458,856</u>	<u>930,207</u>	<u>2,389,063</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>5,148,999</u>	<u>992,264</u>	<u>6,141,263</u>
Total non-current assets	<u>6,206,504</u>	<u>1,360,232</u>	<u>7,566,736</u>
Total assets	<u>\$ 7,665,360</u>	<u>\$ 2,290,439</u>	<u>\$ 9,955,799</u>
Deferred outflows of resources	<u>\$ 254,707</u>	<u>\$ 17,286</u>	<u>\$ 271,993</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 19,894	\$ 3,554	\$ 23,448
Liabilities payable from restricted assets		7,386	7,386
Current portion of long-term liabilities	<u>82,867</u>	<u>40,322</u>	<u>123,189</u>
Total current liabilities	<u>102,761</u>	<u>51,262</u>	<u>154,023</u>
Long-term liabilities:			
Total pension liability	119,706		119,706
Net pension liability	134,221	11,777	145,998
Due in more than one year	<u>875,038</u>	<u>261,159</u>	<u>1,136,197</u>
Total long-term liabilities	<u>1,128,965</u>	<u>272,936</u>	<u>1,401,901</u>
Total liabilities	<u>\$ 1,231,726</u>	<u>\$ 324,198</u>	<u>\$ 1,555,924</u>
Deferred inflows of resources	<u>\$ 245,357</u>	<u>\$ 17,793</u>	<u>\$ 263,150</u>
Net position			
Net investment in capital assets	\$ 5,341,705	\$ 1,058,751	\$ 6,400,456
Restricted:			
Stabilization by State Statute	186,980		186,980
Streets	47,844		47,844
Open Space	14,868		14,868
Unrestricted	<u>851,587</u>	<u>906,983</u>	<u>1,758,570</u>
Total net position	<u>\$ 6,442,984</u>	<u>\$ 1,965,734</u>	<u>\$ 8,408,718</u>

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

Exhibit 2

TOWN OF MONTREAT, NORTH CAROLINA

Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Govern- mental Activities	Business- type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 632,590	\$ 94,433	\$ 145,971	\$ 19	\$ (392,167)	\$	\$ (392,167)
Public safety	385,378	3,371	1,716		(380,291)		(380,291)
Transportation	520,124		45,900		(474,224)		(474,224)
Environmental protection	130,640	14,611			(116,029)		(116,029)
Cultural and recreation	34,221		1,682		(32,539)		(32,539)
Interest on long-term debt	29,128				(29,128)		(29,128)
Total governmental activities	<u>1,732,081</u>	<u>112,415</u>	<u>195,269</u>	<u>19</u>	<u>(1,424,378)</u>		<u>(1,424,378)</u>
Business-type activities:							
Water	<u>330,856</u>	<u>347,544</u>				<u>16,688</u>	<u>16,688</u>
Total business-type activities	<u>330,856</u>	<u>347,544</u>				<u>16,688</u>	<u>16,688</u>
Total primary government	<u>\$ 2,062,937</u>	<u>\$ 459,959</u>	<u>\$ 195,269</u>	<u>\$ 19</u>	<u>(1,424,378)</u>	<u>16,688</u>	<u>(1,407,690)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					1,244,477		1,244,477
Sales taxes					544,354		544,354
Other taxes					93,730		93,730
Unrestricted investment earnings					796	45	841
Gain on sale of capital assets					1,140		1,140
Miscellaneous					6,067		6,067
Total general revenues					<u>1,890,564</u>	<u>45</u>	<u>1,890,609</u>
Change in net position					466,186	16,733	482,919
Net position, beginning					5,976,798	1,949,001	7,925,799
Net position, ending					<u>\$ 6,442,984</u>	<u>\$ 1,965,734</u>	<u>\$ 8,408,718</u>

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, 2022

	<u>Major Funds</u>		
	General Fund	Total Nonmajor Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 943,913	\$ 279,823	\$ 1,223,736
Taxes receivable, net	187,276		187,276
Other receivables, net			
Restricted cash	<u>47,844</u>		<u>47,844</u>
Total assets	<u>\$ 1,179,033</u>	<u>\$ 279,823</u>	<u>\$ 1,458,856</u>
Liabilities			
Accounts payable and accrued liabilities	<u>\$ 15,332</u>	<u>\$ 1,306</u>	<u>\$ 16,638</u>
Deferred inflows of resources	<u>296</u>		<u>296</u>
Fund balances			
Restricted:			
Stabilization by State statute	186,980		186,980
Streets	47,844		47,844
Open Space	14,868		14,868
Committed	20,115	194,383	214,498
Unassigned	<u>893,598</u>	<u>84,134</u>	<u>977,732</u>
Total fund balances	<u>1,163,405</u>	<u>278,517</u>	<u>1,441,922</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,179,033</u>	<u>\$ 279,823</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	7,810,508
Accumulated depreciation	(1,604,004)

Deferred outflows of resources related to pensions are not reported in the funds	254,707
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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	(134,221)
Total pension liability	(119,706)
Installment purchases	(875,038)

Deferred inflows of resources related to pensions are not reported in the funds	(245,061)
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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>\$ 6,442,984</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, 2022

	<u>Major Fund</u>		
	General Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 1,245,291	\$	\$ 1,245,291
Other taxes and licenses	544,354		544,354
Unrestricted intergovernmental	93,730		93,730
Restricted intergovernmental	50,463	1,716	52,179
Permits and fees	112,415		112,415
Investment earnings	778		778
Miscellaneous	<u>8,842</u>	<u>140,352</u>	<u>149,194</u>
Total revenues	<u>2,055,873</u>	<u>142,068</u>	<u>2,197,941</u>
Expenditures			
Current:			
General government	530,407	59,342	589,749
Public safety	379,016		379,016
Transportation	404,223	5,843	410,066
Environmental protection	119,119		119,119
Cultural and recreation	22,684		22,684
Debt service:			
Principal	16,200	66,667	82,867
Interest and other charges	<u>1,741</u>	<u>27,387</u>	<u>29,128</u>
Total expenditures	<u>1,473,390</u>	<u>159,239</u>	<u>1,632,629</u>
Excess (deficiency) of revenues over expenditures	<u>582,483</u>	<u>(17,171)</u>	<u>565,312</u>
Other financing sources			
Sale of capital assets	1,140		1,140
Transfers from (to) other funds	<u>(145,454)</u>	<u>145,454</u>	<u></u>
Total other financing sources (uses)	<u>(144,314)</u>	<u>145,454</u>	<u>1,140</u>
Net change in fund balance	438,169	128,283	566,452
Fund balances, beginning	<u>725,236</u>	<u>150,234</u>	<u>875,470</u>
Fund balances, ending	<u>\$ 1,163,405</u>	<u>\$ 278,517</u>	<u>\$ 1,441,922</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, 2022

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

Net changes in fund balances - total governmental funds	\$ 566,452
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	32,500
Depreciation expense for governmental assets	(218,558)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	69,816
Benefit payments paid and administrative expense for the LEOSSA 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	(814)
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	6,889
Pension expense	<u>(79,382)</u>
Total changes in net position of governmental activities	<u>\$ 466,186</u>

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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with final budget- positive (negative)
Revenues				
Ad valorem taxes	\$ 1,202,733	\$ 1,202,733	\$ 1,245,291	\$ 42,558
Other taxes and licenses	421,500	421,500	544,354	122,854
Unrestricted intergovernmental	92,515	92,515	93,730	1,215
Restricted intergovernmental	37,000	45,899	50,463	4,564
Permits and fees	55,289	71,013	112,415	41,402
Investment earnings	480	480	778	298
Miscellaneous	<u>1,435</u>	<u>2,775</u>	<u>8,842</u>	<u>6,067</u>
Total revenues	<u>1,810,952</u>	<u>1,836,915</u>	<u>2,055,873</u>	<u>218,958</u>
Expenditures				
Current:				
General government	541,541	626,594	530,407	96,187
Public safety	438,373	432,117	379,016	53,101
Transportation	415,280	458,880	404,223	54,657
Environmental protections	102,096	128,897	119,119	9,778
Cultural and recreation	22,900	24,240	22,684	1,556
Debt service:				
Principal	16,200	16,200	16,200	
Interest and other charges	1,742	1,742	1,741	1
Capital outlay	<u>132,602</u>	<u>4,767</u>	<u></u>	<u>4,767</u>
Total expenditures	<u>1,670,734</u>	<u>1,693,437</u>	<u>1,473,390</u>	<u>220,047</u>
Revenues over (under) expenditures	<u>140,218</u>	<u>143,478</u>	<u>582,483</u>	<u>439,005</u>
Other financing sources (uses)				
Sale of capital assets		1,140	1,140	
Transfer to other funds	<u>(140,218)</u>	<u>(144,618)</u>	<u>(145,454)</u>	<u>(836)</u>
Total other financing sources (uses)	<u>(140,218)</u>	<u>(143,478)</u>	<u>(144,314)</u>	<u>(836)</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	438,169	<u>\$ 438,169</u>
Fund balance, beginning			<u>725,236</u>	
Fund balance, ending			<u>\$ 1,163,405</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, 2022

	Major Enterprise Fund <u>Water Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 880,436
Accounts receivable (net)	25,845
Inventories	16,540
Restricted cash and cash equivalents	<u>7,386</u>
Total current assets	<u>930,207</u>
Noncurrent assets:	
Land and construction in process	367,968
Capital assets, net of depreciation	<u>992,264</u>
Total noncurrent assets	<u>1,360,232</u>
Total assets	<u>\$ 2,290,439</u>
Deferred outflows of resources	<u>\$ 17,286</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 3,554
Installment purchases, current	40,322
Liabilities payable from restricted assets:	
Customer deposits	<u>7,386</u>
Total current liabilities	<u>51,262</u>
Noncurrent liabilities:	
Installment purchases	261,159
Net pension liability	<u>11,777</u>
Total noncurrent liabilities	<u>272,936</u>
Total liabilities	<u>\$ 324,198</u>
Deferred inflows of resources	<u>\$ 17,793</u>
Net position	
Net investment in capital assets	\$ 1,058,751
Unrestricted	<u>906,983</u>
Total net position	<u>\$ 1,965,734</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, 2022

	Major Enterprise Fund <u>Water Fund</u>
Operating revenues	
Charges for services	\$ 298,891
Other operating revenues	<u>48,653</u>
Total operating revenues	<u>347,544</u>
Operating expenses	
Water operations	243,876
Depreciation	<u>81,997</u>
Total operating expenses	<u>325,873</u>
Operating income	<u>21,671</u>
Nonoperating revenues (expenses)	
Investment earnings	45
Interest expense	<u>(4,983)</u>
Total non-operating expenses	<u>(4,938)</u>
Change in net position	16,733
Beginning net position	<u>1,949,001</u>
Total net position, ending	<u>\$ 1,965,734</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, 2022

	Major Enterprise Fund <u>Water Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 358,111
Cash paid for goods and services	(170,410)
Cash paid to or on behalf of employees for services	<u>(72,370)</u>
Net cash provided by operating activities	<u>115,331</u>
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	(10,197)
Principal payment on long-term debt	(46,322)
Interest payment on long-term debt	<u>(4,983)</u>
Net cash used by capital and related financing activities	<u>(61,502)</u>
Cash flows from investing activities	
Interest received	<u>45</u>
Net increase in cash and cash equivalents	53,874
Balances, beginning	<u>833,948</u>
Balances, ending	<u>\$ 887,822</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating income	\$ 21,671
Depreciation	81,997
Changes in assets and liabilities:	
Decrease in accounts receivable	9,204
Increase in accounts payable and accrued liabilities	1,156
Increase in customer deposits	1,363
Decrease in net pension liability	(12,235)
Increase in deferred outflows of resources - pensions	(4,233)
Increase in deferred inflows of resources - pensions	<u>16,408</u>
Net cash provided by operating activities	<u>\$ 115,331</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, 2022

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 particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town’s funds. Separate statements for each fund category – *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as 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 Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take 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 capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when the vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received.

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. 159-30I] 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 Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured 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, 2022 consists of the following:

Governmental activities:

General Fund:

Streets \$ 47,844

ARPA Fund 83,228

Business-type activities:

Water Fund:

Customer deposits 7,386

Total restricted cash \$ 138,458

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, 2021. 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 recorded 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 value of the asset or materially extend assets' lives are not capitalized.

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

<u>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. The Town has one item that meets this criterion, pension deferrals for the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category - prepaid taxes, 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.

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Note 1 - Summary of Significant Accounting Policies (continued)

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

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute." Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

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

Committed for Transportation - portion of fund balance that is committed by the Board for road projects.

Committed for Culture and Recreation - portion of fund balance that is committed by the Board for forestry and landscape projects.

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

Subsequent year's expenditures - the portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriations within funds up to \$2,500.

Note 1 - Summary of Significant Accounting Policies (continued)

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, 2022.

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, 2022, the Town's deposits had a carrying amount of \$2,181,847 and a bank balance of \$2,122,510. Of the bank balance, \$513,865 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2022, the Town's petty cash fund totaled \$250.

2. Investments

At June 30, 2022, the Town had \$13,865 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. 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, 2022 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, 2022, 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	<u>\$ 1,057,505</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,057,505</u>
Capital assets being depreciated:				
Buildings	2,425,927			2,425,927
Improvements	59,507			59,507
Infrastructure	3,517,184	32,500		3,549,684
Equipment	188,001			188,001
IT equipment	63,995			63,995
Vehicles	<u>465,889</u>	<u></u>	<u></u>	<u>465,889</u>
Total capital assets being depreciated	<u>6,720,503</u>	<u>\$ 32,500</u>	<u>\$</u>	<u>6,753,003</u>
Less accumulated depreciation for:				
Buildings	46,787	\$ 48,528	\$	95,315
Improvements	53,797	1,813		55,610
Infrastructure	763,544	109,238		872,782
Equipment	87,423	13,202		100,625
IT equipment	55,585	4,279		59,864
Vehicles	<u>378,310</u>	<u>41,498</u>	<u></u>	<u>419,808</u>
Total accumulated depreciation	<u>1,385,446</u>	<u>\$ 218,558</u>	<u>\$</u>	<u>1,604,004</u>
Total capital assets being depreciated, net	<u>5,335,057</u>			<u>5,148,999</u>
Governmental activity capital assets, net	<u>\$ 6,392,562</u>			<u>\$ 6,206,504</u>

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

General government	\$ 61,308
Public safety	12,980
Transportation	120,172
Environmental protection	12,561
Cultural and recreation	<u>11,537</u>
Total depreciation expense	<u>\$ 218,558</u>

Note 3 - Detail Notes on All Funds (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
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	106,438	10,197		116,635
IT equipment	29,453			29,453
Vehicles	26,514			26,514
Total capital assets being depreciated	2,970,281	\$ 10,197	\$	2,980,478
Less accumulated depreciation for:				
Buildings	78,142	\$ 3,553	\$	81,695
Improvements	163,162	19,909		183,071
Infrastructure	1,515,259	55,146		1,570,405
Equipment	99,206	1,496		100,702
IT equipment	23,934	1,893		25,827
Vehicles	26,514			26,514
Total accumulated depreciation	1,906,217	\$ 81,997	\$	1,988,214
Total capital assets being depreciated, net	1,064,064			992,264
Water fund capital assets, net	\$ 1,432,032			\$ 1,360,232

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

Note 3 - Detail Notes on All Funds (continued)

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined 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

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, 2022, the Town reported a liability of \$145,998 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021, utilizing update procedures incorporating the actuarial assumptions. The 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, 2021, (measurement date), the Town's proportion was 0.00952%, which was an increase of 0.00027% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$52,233. At June 30, 2022, 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	\$ 46,447	\$
Changes of assumptions	91,724	
Net difference between projected and actual earnings on pension plan investments		208,588
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,296	11,986
Town contributions subsequent to the measurement date	69,816	
Total	<u>\$ 214,283</u>	<u>\$ 220,574</u>

\$69,816 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:

Year ended June 30:

2023	\$ (6,232)
2024	(15,624)
2025	(63,829)
2026	-
2027	-
Thereafter	-

Note 3 - Detail Notes on All Funds (continued)

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010, through December 31, 2014.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

Note 3 - Detail Notes on All Funds (continued)

This information above is based on 30-year expectations developed with the consulting actuary for the 2019 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 (5.50percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease <u>(5.50%)</u>	Discount Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 566,753	\$ 145,998	\$ (200,259)

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, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Active plan members	<u>5</u>
Total	<u><u>7</u></u>

(2) Summary of Significant Accounting Policies

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

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

(3) Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 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, 2020.

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, 2022, the Town reported a total pension liability of \$119,706. The total pension liability was measured as of December 31, 2021, based on a December 31, 2020, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$30,408.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,537	\$ 40,969
Changes of assumptions	33,757	1,607
Town benefit payments and plan administrative expense made subsequent to the measurement date	6,416	
Total	<u>\$ 57,710</u>	<u>\$ 42,576</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	\$ 6,365
2024	5,729
2025	3,320
2026	(6,696)
2027	-
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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 126,252	\$ 119,706	\$ 113,502

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

	2022
Beginning balance	\$ 196,644
Service Cost	7,555
Interest on the total pension liability	3,473
Difference between expected and actual experience	(52,477)
Changes of assumptions or other inputs	(2,059)
Benefit payments	(33,430)
Ending balance of the total pension liability	<u>\$ 119,706</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, 2020, valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 52,233	\$ 30,408	\$ 82,641
Pension Liability	145,998	119,706	265,704
Proportionate share of net pension liability	0.00952%	n/a	

Note 3 - Detail Notes on All Funds (continued)

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 46,447	\$ 17,537	\$ 63,984
Changes of assumptions	91,724	33,757	125,481
Net difference between projected and actual earnings on plan investments			
Changes in proportion and differences between contributions and proportionate share of contributions	6,296		6,296
Benefit payments and administrative costs paid subsequent to the measurement date	69,816	6,416	76,232
Deferred Inflows of Resources:			
Differences between expected and actual experience		40,969	40,969
Changes of assumptions		1,607	1,607
Net difference between projected and actual earnings on plan investments	208,588		208,588
Changes in proportion and differences between contributions and proportionate share of contributions	11,986		11,986

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 \$10,240 for the reporting year. No amounts were forfeited.

d. Supplemental Retirement Income Plan for General Employees

Plan Description. The Town also contributes each month an amount equal to 5% of each non-law enforcement employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. The Town made contributions of \$20,041 for the reporting year. No amounts were forfeited.

Note 3 - Detail Notes on All Funds (continued)

2. Other Employment Benefits

Plan Description. 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	\$	69,816
Benefit payments and administrative expense for LEOSSA made subsequent to the measurement date		6,416
Differences between expected and actual experience		63,984
Changes of assumptions		125,481
Changes in proportion and differences between contributions and proportionate share of contributions		6,296
Total	\$	<u>271,993</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Property tax receivable	\$	\$ 296
Differences between expected and actual experience	40,969	
Changes of assumptions	1,607	
Net difference between projected and actual earnings on plan investments	208,588	
Changes in employer contributions and proportionate	11,986	
Total	<u>\$ 263,150</u>	<u>\$ 296</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 in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

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

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, 2022, 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, 2022 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. \$ 64,799

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. 800,000

Total installment purchases - General Fund \$ 864,799

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>
2023	\$ 82,867	\$ 29,128
2024	82,867	26,673
2025	82,867	24,218
2026	82,867	21,765
2027	66,667	18,960
2028-2032	333,333	63,200
2033-2037	<u>133,331</u>	<u>12,640</u>
Total	<u>\$ 864,799</u>	<u>\$ 196,584</u>

Note 3 - Detail Notes on All Funds (continued)

The Town's installment purchases serviced by the Water Fund at June 30, 2022, 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. \$ 55,200

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. 246,281

Total installment purchases - Water Fund \$ 301,481

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>
2023	\$ 40,322	\$ 4,683
2024	40,322	4,096
2025	40,322	3,508
2026	40,322	2,922
2027	26,522	2,036
2028-2032	<u>113,671</u>	<u>5,818</u>
Total	<u>\$ 301,481</u>	<u>\$ 23,063</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.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Installment purchases	\$ 947,666	\$	\$ 82,867	\$ 864,799	\$ 82,867
Total pension liability (LEO)	196,644		76,938	119,706	
Net pension liability (LGERs)	306,530		172,309	134,221	
Compensated absences	<u>86,217</u>	<u>6,889</u>		<u>93,106</u>	
Governmental activities long-term liabilities	<u>\$ 1,537,057</u>	<u>\$ 6,889</u>	<u>\$ 332,114</u>	<u>\$ 1,211,832</u>	<u>\$ 82,867</u>
Business-type activities:					
Bonds payable	\$ 6,000	\$	\$ 6,000	\$	\$
Installment purchases	341,803		40,322	301,481	40,322
Net pension liability (LGERs)	<u>24,012</u>		<u>12,235</u>	<u>11,777</u>	
Business-type activities long-term liabilities	<u>\$ 371,815</u>	<u>\$</u>	<u>\$ 58,557</u>	<u>\$ 313,258</u>	<u>\$ 40,322</u>

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2022, consist of the following:

From the General Fund to the Town Hall Capital Project Fund for capital project expenditures	\$ 94,890
From the General Fund to the Miscellaneous Capital Project Fund for capital project expenditures	46,164
From the General Fund to the Lower Graybeard Wall Capital Project Fund for capital project expenditures	<u>4,400</u>
Total	<u>\$ 145,454</u>

D. Net Investment in Capital Assets

The Town's net investment in capital assets at June 30, 2022, is calculated as follows:

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 6,206,504	\$ 1,360,232
Less: installment purchases	<u>(864,799)</u>	<u>(301,481)</u>
Net investment in capital assets	<u>\$ 5,341,705</u>	<u>\$ 1,058,751</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	\$ 1,163,405
Less:	
Stabilization by State Statute	(186,980)
Restricted for streets	(47,844)
Restricted for open space	(14,868)
Committed	(20,115)
Working capital / fund balance policy	<u>(592,703)</u>
Remaining fund balance	<u>\$ 300,895</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, 2022.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unpaid at year-end.

<u>Encumbrances</u>	<u>General Fund</u>	<u>Non-major funds</u>
	\$6,739	\$1,797

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 \$130,000 during the fiscal year ended June 30, 2022. 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 October 31, 2022, 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 Eight Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Montreat's proportion of the net pension liability (asset) (%)	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) (\$)	\$ 145,998	\$ 330,542	\$ 287,020	\$ 189,076	\$ 141,467	\$ 200,773	\$ 47,886	\$ (55,082)
Montreat's covered payroll	\$ 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	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**	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*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 69,816	\$ 62,244	\$ 60,543	\$ 43,456	\$ 42,845	\$ 45,161	\$ 43,897	\$ 45,387
Contributions in relation to the contractually required contribution	<u>69,816</u>	<u>62,244</u>	<u>60,543</u>	<u>43,456</u>	<u>42,845</u>	<u>45,161</u>	<u>43,897</u>	<u>45,387</u>
Contribution deficiency	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Covered payroll	<u>\$ 601,834</u>	<u>\$ 605,136</u>	<u>\$ 656,351</u>	<u>\$ 546,381</u>	<u>\$ 595,751</u>	<u>\$ 623,948</u>	<u>\$ 631,711</u>	<u>\$ 587,628</u>
Contributions as a percentage of covered payroll	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 Five Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 196,644	\$ 145,236	\$ 154,885	\$ 59,532	\$ 77,602
Service cost	7,555	4,244	4,168	2,736	5,494
Interest on the total pension liability	3,473	4,190	5,029	1,353	2,635
Difference between expected and actual experience	(52,477)	21,634	12,192	127,434	(15,203)
Changes of assumptions or other inputs	(2,059)	54,770	2,392	(2,740)	7,661
Benefit payments	<u>(33,430)</u>	<u>(33,430)</u>	<u>(33,430)</u>	<u>(33,430)</u>	<u>(18,657)</u>
Ending balance of the total pension liability	<u>\$ 119,706</u>	<u>\$ 196,644</u>	<u>\$ 145,236</u>	<u>\$ 154,885</u>	<u>\$ 59,532</u>

* 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 Five Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 119,706	\$ 196,644	\$ 145,236	\$ 154,885	\$ 59,532
Covered payroll	247,445	233,551	237,346	181,374	240,642
Total pension liability as a percentage of covered payroll	48.38%	84.20%	61.19%	85.40%	24.74%

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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes:			
Current year taxes	\$ 1,202,733	\$ 1,245,291	\$ 42,558
Total	<u>1,202,733</u>	<u>1,245,291</u>	<u>42,558</u>
Other taxes and licenses:			
Local sales tax	<u>421,500</u>	<u>544,354</u>	<u>122,854</u>
Unrestricted intergovernmental			
Utility franchise tax	88,200	89,636	1,436
Solid waste disposal	665	523	(142)
Beer and wine tax	<u>3,650</u>	<u>3,571</u>	<u>(79)</u>
Total	<u>92,515</u>	<u>93,730</u>	<u>1,215</u>
Restricted intergovernmental:			
Grant proceeds		4,563	4,563
Powell Bill allocation	<u>45,899</u>	<u>45,900</u>	<u>1</u>
Total	<u>45,899</u>	<u>50,463</u>	<u>4,564</u>
Permits and fees:			
Community service fees	19,457	31,461	12,004
Building permits	38,600	57,544	18,944
Public safety charges	3,371	3,371	
Sanitation fees	3,740	6,499	2,759
Zoning permits	2,892	5,328	2,436
Other	<u>2,953</u>	<u>8,212</u>	<u>5,259</u>
Total	<u>71,013</u>	<u>112,415</u>	<u>41,402</u>
Investment earnings	<u>480</u>	<u>778</u>	<u>298</u>
Other income:			
Miscellaneous		6,067	6,067
Contributions	<u>2,775</u>	<u>2,775</u>	
Total	<u>2,775</u>	<u>8,842</u>	<u>6,067</u>
Total revenues	<u>1,836,915</u>	<u>2,055,873</u>	<u>218,958</u>
Expenditures			
General government:			
Governing Body:			
Salaries and employee benefits	10,550	10,550	
Operating expenses	34,310	29,725	4,585
Reimbursement - proprietary funds	<u>(4,389)</u>	<u>(4,389)</u>	
Total	<u>40,471</u>	<u>35,886</u>	<u>4,585</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Administration:			
Salaries and employee benefits	\$ 334,859	\$ 303,533	\$ 31,326
Operating expenses	245,593	209,577	36,016
Capital outlay	812		812
Reimbursement - proprietary funds	<u>(38,832)</u>	<u>(38,832)</u>	
Total	<u>542,432</u>	<u>474,278</u>	<u>68,154</u>
Public Buildings:			
Operating expenses	56,377	32,117	24,260
Reimbursement - proprietary funds	<u>(11,874)</u>	<u>(11,874)</u>	
Total	<u>44,503</u>	<u>20,243</u>	<u>24,260</u>
Total general government	<u>627,406</u>	<u>530,407</u>	<u>96,999</u>
Public safety:			
Police Department:			
Salaries and employee benefits	381,899	335,968	45,931
Operating expenses	50,218	43,048	7,170
Capital outlay	<u>3,955</u>		<u>3,955</u>
Total public safety	<u>436,072</u>	<u>379,016</u>	<u>57,056</u>
Transportation:			
Planning and zoning:			
Operating expenses	<u>117,506</u>	<u>102,508</u>	<u>14,998</u>
Public Works:			
Salaries and employee benefits	99,600	95,163	4,437
Operating expenses	35,400	27,430	7,970
Reimbursement - proprietary funds	<u>(9,480)</u>	<u>(9,480)</u>	
Total	<u>125,520</u>	<u>113,113</u>	<u>12,407</u>
Streets:			
Salaries and employee benefits	128,200	121,146	7,054
Operating expenses	118,925	98,727	20,198
Reimbursement - proprietary funds	<u>(31,271)</u>	<u>(31,271)</u>	
Total	<u>215,854</u>	<u>188,602</u>	<u>27,252</u>
Total transportation	<u>458,880</u>	<u>404,223</u>	<u>54,657</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Environmental protection:			
Sanitation:			
Salaries and employee benefits	\$ 53,200	\$ 52,887	\$ 313
Operating expenses	<u>75,697</u>	<u>66,232</u>	<u>9,465</u>
Total environmental protection	<u>128,897</u>	<u>119,119</u>	<u>9,778</u>
Cultural and recreation:			
Recreation Commission:			
Operating expenses	<u>24,240</u>	<u>22,684</u>	<u>1,556</u>
Debt service			
Principal retirement	16,200	16,200	
Interest and fees	<u>1,742</u>	<u>1,741</u>	<u>1</u>
Total debt services	<u>17,942</u>	<u>17,941</u>	<u>1</u>
Total expenditures	<u>1,693,437</u>	<u>1,473,390</u>	<u>220,047</u>
Revenues over (under) expenditures	<u>143,478</u>	<u>582,483</u>	<u>439,005</u>
Other financing sources (uses)			
Sale of capital assets	1,140	1,140	
Transfer to other funds	<u>(144,618)</u>	<u>(145,454)</u>	<u>836</u>
Total other financing sources (uses)	<u>(143,478)</u>	<u>(144,314)</u>	<u>836</u>
Net change in fund balance	<u>\$</u>	438,169	<u>\$ 438,169</u>
Fund balance, beginning		<u>725,236</u>	
Fund balance, ending		<u>\$ 1,163,405</u>	

TOWN OF MONTREAT, NORTH CAROLINA

Nonmajor Governmental Funds Combining Balance Sheet For the Year Ended June 30, 2022

	<u>Culvert Project</u>	<u>Public Works</u>	<u>Urban Forestry 2018</u>	<u>Urban Forestry 2019</u>	<u>Landscape</u>
Assets					
Cash and cash equivalents	\$ <u>525</u>	\$ <u>5,992</u>	\$ <u>4,159</u>	\$ <u>7,762</u>	\$ <u>2,064</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable and accrued expenses	\$ _____	\$ <u>496</u>	\$ _____	\$ _____	\$ <u>810</u>
Fund balances:					
Committed:					
Culture and recreation			4,159	7,762	2,064
Transportation	525	5,496			
Unassigned					(810)
Total fund balances	<u>525</u>	<u>5,496</u>	<u>4,159</u>	<u>7,762</u>	<u>1,254</u>
Total liabilities and fund balances	\$ <u>525</u>	\$ <u>5,992</u>	\$ <u>4,159</u>	\$ <u>7,762</u>	\$ <u>2,064</u>

TOWN OF MONTREAT, NORTH CAROLINA

Nonmajor Governmental Funds Combining Balance Sheet (continued) For the Year Ended June 30, 2022

	<u>Greybeard Project</u>	<u>Misc. Projects</u>	<u>CARES Act</u>	<u>ARPA</u>	<u>Total</u>
Assets					
Cash and cash equivalents	<u>\$ 4,400</u>	<u>\$ 169,977</u>	<u>\$ 1,716</u>	<u>\$ 83,228</u>	<u>\$ 279,823</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable and accrued expenses	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 1,306</u>
Fund balances:					
Committed:					
Culture and recreation					13,985
Transportation	4,400	169,977			180,398
Unassigned	<u>1,716</u>	<u>83,228</u>	<u>84,134</u>		
Total fund balances	<u>4,400</u>	<u>169,977</u>	<u>1,716</u>	<u>83,228</u>	<u>278,517</u>
Total liabilities and fund balances	<u>\$ 4,400</u>	<u>\$ 167,997</u>	<u>\$ 1,716</u>	<u>\$ 83,228</u>	<u>\$ 279,823</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, 2022

	<u>Culvert Project</u>	<u>Public Works</u>	<u>Urban Forestry 2018</u>	<u>Urban Forestry 2019</u>	<u>Landscape</u>
Revenues					
Restricted intergovernmental	\$	\$	\$	\$	\$
Miscellaneous	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>1,682</u>
Total revenues	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u>1,682</u>
Expenditures					
General government		2,254			810
Transportation					
Public safety					
Cultural and recreation	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u> </u>	<u>2,254</u>	<u> </u>	<u> </u>	<u>810</u>
Revenues over (under) expenditures		(2,254)			872
Other financing sources (uses)					
Transfers from General Fund	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balances		(2,254)			872
Fund balances					
Beginning of year - July 1	<u>525</u>	<u>7,750</u>	<u>4,159</u>	<u>7,762</u>	<u>382</u>
End of year - June 30	<u>\$ 525</u>	<u>\$ 5,496</u>	<u>\$ 4,159</u>	<u>\$ 7,762</u>	<u>\$ 1,254</u>

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, 2022

	Greybeard Project	Misc. Projects	CARES Act	ARPA	Town Hall	Total
Revenues						
Restricted intergovernmental	\$	\$	\$ 1,716	\$	\$	\$ 1,716
Miscellaneous				138,651	19	140,352
Total revenues			1,716	138,651	19	142,068
Expenditures						
General government				55,423	855	59,342
Transportation		5,843				5,843
Principal					66,667	66,667
Interest					27,387	27,387
Total expenditures		5,843		55,423	94,909	159,239
Revenues over (under) expenditures		(5,843)	1,716	83,228	(94,890)	(17,171)
Other financing sources (uses)						
Transfers from General Fund	4,400	46,164			94,890	145,454
Net change in fund balances	4,400	40,321	1,716	83,228		128,283
Fund balances						
Beginning of year - July 1		129,656				150,234
End of year - June 30	\$ 4,400	\$ 169,977	\$ 1,716	\$ 83,228	\$	\$ 278,517

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, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Expenditures					
Transportation:					
Professional services	\$ 82,975	\$ 27,243	\$ 2,254	\$ 29,497	\$ 53,478
Capital outlay	<u>320,914</u>	<u>368,896</u>	<u> </u>	<u>368,896</u>	<u>(47,982)</u>
Total expenditures	<u>403,889</u>	<u>396,139</u>	<u> </u>	<u>398,393</u>	<u>5,496</u>
Other financing sources					
Transfers from General Fund	<u>403,889</u>	<u>403,889</u>	<u> </u>	<u>403,889</u>	<u> </u>
Net change in fund balance	<u>\$</u>	<u>\$ 7,750</u>	<u>(2,254)</u>	<u>\$ 5,496</u>	<u>\$ 5,496</u>
Fund balance, beginning			<u>7,750</u>		
Fund balance, ending			<u>\$ 5,496</u>		

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, 2022

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

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, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental	\$ 9,697	\$ 3,420	\$ 1,716	\$ 5,136	\$ (4,561)
Expenditures					
Public safety	<u>9,697</u>	<u>5,136</u>	<u> </u>	<u>5,136</u>	<u>4,561</u>
Revenues over (under) expenditures		(1,716)	1,716		
Other financing sources (uses)					
Transfers from General Fund	<u> </u>	<u>1,716</u>	<u> </u>	<u>1,716</u>	<u>1,716</u>
Net change in fund balance	<u>\$ </u>	<u>\$ </u>	1,716	<u>\$ 1,716</u>	<u>\$ 1,716</u>
Fund balance, beginning			<u> </u>		
Fund balance, ending			<u>\$ 1,716</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, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental	\$ 7,397	\$ 6,131	\$	\$ 6,131	\$ (1,266)
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)		(1,131)	(3,734)
Net change in fund balance	\$	\$ 4,159		\$ 4,159	\$ 4,159
Fund balance, beginning			4,159		
Fund balance, ending			\$ 4,159		

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, 2022

	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	<u>10,114</u>	<u>2,352</u>		<u>2,352</u>	<u>7,762</u>
Revenues over (under) expenditures	(28,195)	(2,352)		(2,352)	25,843
Other financing sources (uses)					
Transfers (to) from General Fund	<u>28,195</u>	<u>10,114</u>		<u>10,114</u>	<u>(18,081)</u>
Net change in fund balance	<u>\$</u>	<u>\$ 7,762</u>		<u>\$ 7,762</u>	<u>\$ 7,762</u>
Fund balance, beginning			<u>7,762</u>		
Fund balance, ending			<u>\$ 7,762</u>		

TOWN OF MONTREAT, NORTH CAROLINA

Landscape 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, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Restricted intergovernmental	\$ 1,475	\$ 1,475	\$ 1,682	\$ 3,157	\$ 1,682
Expenditures					
Culture and recreation:					
Operating	750	368	810	1,178	(428)
Revenues over (under) expenditures	725	1,107	872	1,979	1,254
Other financing sources (uses)					
Transfers (to) from General Fund	(725)	(725)		(725)	
Net change in fund balance	\$	\$ 382	872	\$ 1,254	\$ 382
Fund balance, beginning			382		
Fund balance, ending			\$ 1,254		

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, 2022

	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	39,927	5,843	45,770	168,977
Revenues over (under) expenditures	(202,457)	(39,927)	(5,843)	(45,770)	(156,687)
Other financing sources (uses)					
Transfers (to) from General Fund	202,457	169,583	46,164	215,747	(13,290)
Net change in fund balance	\$	\$ 129,656	40,321	\$ 169,977	\$ 169,977
Fund balance, beginning			129,656		
Fund balance, ending			\$ 169,977		

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, 2022

	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	234,696	4,400	239,096	(4,324)
Net change in fund balance	<u>\$</u>	<u>\$</u>	4,400	<u>\$ 4,400</u>	<u>\$ 4,400</u>
Fund balance, beginning					
Fund balance, ending			<u>\$ 4,400</u>		

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, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Grant proceeds	\$ 138,633	\$	\$ 138,633	\$ 138,633	\$
Interest			18	18	18
Total revenues	<u>138,633</u>		<u>138,651</u>	<u>138,651</u>	<u>18</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	83,228	40,595
Other financing sources (uses)					
Transfers (to) from General Fund	<u>(42,633)</u>				<u>(42,633)</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	83,228	<u>\$</u>	<u>\$</u>
Fund balance, beginning					
Fund balance, ending			<u>\$ 83,228</u>		

TOWN OF MONTREAT, NORTH CAROLINA

Water Fund Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating revenues:			
Charges for services	\$ 292,000	\$ 298,891	\$ 6,891
Other	<u>52,005</u>	<u>48,653</u>	<u>(3,352)</u>
Total operating revenues	344,005	347,544	3,539
Non-operating revenues:			
Investment earnings	<u>36</u>	<u>45</u>	<u>9</u>
Total revenues	<u>344,041</u>	<u>347,589</u>	<u>3,548</u>
Expenditures			
Operating expenditures:			
Salaries and related	72,800	72,310	490
Repairs and maintenance	51,135	21,201	29,934
Other operating expenditures	<u>158,604</u>	<u>150,365</u>	<u>8,239</u>
Total expenditures	<u>282,539</u>	<u>243,876</u>	<u>38,663</u>
Debt services:			
Principal retirement	46,322	46,322	
Interest and fees	<u>4,983</u>	<u>4,983</u>	
Total debt services	<u>51,305</u>	<u>51,305</u>	
Capital outlay	<u>10,197</u>	<u>10,197</u>	
Total expenditures	<u>344,041</u>	<u>305,378</u>	<u>38,663</u>
Revenues over (under) expenditures	<u>\$</u>	42,211	<u>\$ 42,211</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		46,322	
Capital outlay		10,197	
Increase in deferred outflows of resources - pensions		4,173	
Increase in deferred inflows of resources - pensions		(16,408)	
Decrease in net pension liability		12,235	
Depreciation		<u>(81,997)</u>	
Total reconciling items		<u>(25,478)</u>	
Change in net position		<u>\$ 16,733</u>	

OTHER SCHEDULES

TOWN OF MONTREAT, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable June 30, 2022

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2021</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021 - 2022	\$	\$ 1,242,087	\$ 1,241,622	\$ 465
2020 - 2021	1,436		1,244	192
2019 - 2020				
2018 - 2019				
2017 - 2018				
2016 - 2017				
2015 - 2016				
2014 - 2015				
2013 - 2014				
2012 - 2013				
2011 - 2012				
	<u>\$ 1,436</u>	<u>\$ 1,242,087</u>	<u>\$ 1,242,866</u>	<u>657</u>
Ad valorem taxes receivable - net				<u>\$ 657</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 1,245,291
Reconciling items:				
Interest collected				(2,384)
Taxes written off				<u>(42)</u>
Total tax collections and credits				<u>\$ 1,242,865</u>

TOWN OF MONTREAT, NORTH CAROLINA

Analysis of Current Tax Levy Town-Wide Levy June 30, 2022

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 288,676,613	0.43	\$ 1,216,776	\$ 1,216,776	\$ 24,532
Exemptions	(10,009)		(43)	(43)	
Discoveries	191,114		822	822	
Total property valuation	<u>\$ 288,857,421</u>		<u>1,217,555</u>	<u>1,217,555</u>	<u>24,532</u>
Net levy			1,242,087	1,217,555	24,532
Uncollected taxes at June 30, 2022			(465)	(296)	(169)
Current year's taxes collected			<u>\$ 1,241,622</u>	<u>\$ 1,217,259</u>	<u>\$ 24,363</u>
Current levy collection percentage			<u>99.96%</u>	<u>99.98%</u>	<u>99.31%</u>

STATISTICAL SECTION

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.

<u>Contents</u>	<u>Page</u>
Financial Trends Information	72
These tables contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time	
Revenue Capacity Information	79
These tables contain information to help the reader assess the Town's most significant local revenue source, the property tax.	
Debt Capacity Information	83
These tables present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	
Demographic and Economic Information	86
These tables offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	
Operating Information	89
These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	

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 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>	<u>FYE 2013</u>
Governmental Activities										
Net position:										
Net investment in capital assets	\$ 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	\$ 2,794,719
Restricted	249,692	239,171	212,689	405,906	390,961	330,586	294,400	267,742	255,216	249,671
Unrestricted	<u>851,587</u>	<u>292,731</u>	<u>264,084</u>	<u>1,355,034</u>	<u>1,526,914</u>	<u>1,353,386</u>	<u>1,267,022</u>	<u>910,515</u>	<u>1,016,240</u>	<u>990,917</u>
Subtotal, Governmental net position	<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>	<u>4,035,307</u>
Business-Type Activities										
Net position:										
Net investment in capital assets	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	982,912
Restricted										
Unrestricted	<u>906,983</u>	<u>864,772</u>	<u>802,964</u>	<u>825,684</u>	<u>881,868</u>	<u>822,641</u>	<u>754,721</u>	<u>391,634</u>	<u>597,996</u>	<u>595,469</u>
Subtotal, Business-Type net position	<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>	<u>1,578,381</u>
Total Primary Government										
Net position:										
Net investment in capital assets	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	3,777,631
Restricted	249,692	239,171	212,689	405,906	390,961	330,586	294,400	267,742	255,216	249,671
Unrestricted	<u>1,758,570</u>	<u>1,157,503</u>	<u>1,067,048</u>	<u>2,180,718</u>	<u>2,408,782</u>	<u>2,176,027</u>	<u>2,021,743</u>	<u>1,302,149</u>	<u>1,614,236</u>	<u>1,586,386</u>
Total net position	<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>\$ 6,300,251</u>	<u>\$ 5,613,688</u>

TOWN OF MONTREAT, NORTH CAROLINA

Table 2

	Change in Net Position Governmental Functions									
	<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>	<u>FYE 2013</u>
Revenues										
Program revenues:										
Charges for services:										
General government	\$ 94,433	\$ 54,549	\$ 92,100	\$ 99,068	\$ 88,002	\$ 89,095	\$ 86,153	\$ 79,484	\$ 102,254	\$ 94,897
Public safety	3,371	3,371	4,218	3,408	1,673	3,371	3,371	3,090	3,846	3,396
Environmental	<u>14,611</u>	<u>10,507</u>	<u>10,491</u>	<u>7,516</u>	<u>5,109</u>	<u>6,521</u>	<u>14,472</u>	<u>447</u>	<u>388</u>	<u>325</u>
Charges for services	112,415	68,427	106,809	109,992	94,784	98,987	103,996	83,021	106,488	98,618
Operating grants and contributions	195,269	257,147	48,479	262,302	152,413	147,450	164,985	135,379	108,380	105,034
Capital grants and contributions	19	2,705	2,600	79,504	2,787	3,694	155,346	36,977	360,088	584,932
General revenues:										
Taxes:										
Property taxes	1,244,477	1,079,096	1,015,155	1,008,941	1,000,700	974,695	962,972	968,042	970,716	892,839
Sales taxes	544,354	457,847	412,785							
Other taxes and licenses	93,730	93,117	95,091	414,136	406,038	402,651	390,699	356,952	332,403	313,951
Gain on sale of assets		2,111	33,417							
Investment earnings	796	487	1,582	4,263	4,395	3,643	1,709	1,073	1,629	1,850
Miscellaneous	<u>7,207</u>	<u>3,022</u>	<u>54</u>	<u>2,212</u>	<u>5,453</u>	<u>6,115</u>	<u>2,116</u>	<u>10,362</u>	<u>194</u>	<u>20</u>
Total revenues	<u>2,198,267</u>	<u>1,963,959</u>	<u>1,715,972</u>	<u>1,881,350</u>	<u>1,666,570</u>	<u>1,637,235</u>	<u>1,781,823</u>	<u>1,591,806</u>	<u>1,879,898</u>	<u>1,997,244</u>
Expenses										
General government	632,590	539,937	563,874	552,607	337,182	604,294	479,543	551,016	347,272	403,785
Public safety	385,378	460,939	491,583	440,675	358,436	439,093	450,926	415,119	418,288	417,698
Transportation	520,124	505,964	511,804	549,008	473,469	380,618	362,962	107,255	214,513	137,836
Environmental protection	130,640	134,919	129,150	126,867	117,305	96,173	12,343	1,587	162,683	203,889
Cultural and recreation	34,221	26,657	43,774	17,685	26,265	20,419	116,083	109,206	60,993	102,532
Interest on long-term debt	<u>29,128</u>	<u>31,588</u>	<u>34,037</u>	<u>2,021</u>	<u>3,278</u>	<u>6,221</u>	<u>600</u>			
Total expenses	<u>1,732,081</u>	<u>1,700,004</u>	<u>1,774,222</u>	<u>1,688,863</u>	<u>1,315,935</u>	<u>1,546,818</u>	<u>1,422,457</u>	<u>1,184,183</u>	<u>1,203,749</u>	<u>1,265,740</u>
Increase (decrease) in net position before transfers and special items	466,186	263,955	(58,250)	192,487	350,635	90,417	359,366	407,623	676,149	731,504
Special item					(170,891)					
Transfers									(45,614)	14,868
Increase (decrease) in net position	<u>\$ 466,186</u>	<u>\$ 263,955</u>	<u>\$ (58,250)</u>	<u>\$ 192,487</u>	<u>\$ 179,744</u>	<u>\$ 90,417</u>	<u>\$ 359,366</u>	<u>\$ 407,623</u>	<u>\$ 630,535</u>	<u>\$ 746,372</u>

TOWN OF MONTREAT, NORTH CAROLINA

Table 3

	Change in Net Position Business-Type Functions									
	<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>	<u>FYE 2013</u>
Revenues										
Program revenues:										
Charges for services:										
Water	\$ 347,544	\$ 340,336	\$ 325,553	\$ 346,654	\$ 333,751	\$ 351,697	\$ 450,882	\$ 320,392	\$ 346,006	\$ 281,712
Capital grants and contributions										
General revenues:										
Investment earnings	45	35	251	321	284	244	152	75	102	231
Miscellaneous					3,602					
Total revenues	<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>	<u>281,943</u>
Expenses										
Water	<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>	<u>171,006</u>
Total expenses	<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>	<u>171,006</u>
Increase (decrease) in net position before transfers	16,733	63,649	(10,799)	33,908	65,690	79,598	199,689	(61,908)	10,411	110,937
Transfers							3,075		45,614	(14,868)
Increase (decrease) in net position	<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>	<u>\$ 96,069</u>

TOWN OF MONTREAT, NORTH CAROLINA

Table 4

	Change in Net Position Total Primary Government									
	<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>	<u>FYE 2013</u>
Revenues										
Program revenues:										
Charges for services:										
General government	\$ 94,433	\$ 54,549	\$ 92,100	\$ 99,068	\$ 88,002	\$ 89,095	\$ 86,153	\$ 79,484	\$ 102,254	\$ 94,897
Public safety	3,371	3,371	4,218	3,408	1,673	3,371	3,371	3,090	3,846	3,396
Environmental protection	14,611	10,507	10,491	7,516	5,109	6,521	14,472	447	388	325
Water	<u>347,544</u>	<u>340,336</u>	<u>325,553</u>	<u>346,654</u>	<u>333,751</u>	<u>351,697</u>	<u>450,882</u>	<u>320,392</u>	<u>346,006</u>	<u>281,712</u>
Charges for services	459,959	408,763	432,362	456,646	428,535	450,684	554,878	403,413	452,494	380,330
Operating grants and contributions	195,269	257,147	48,479	262,302	152,413	147,450	164,985	135,379	108,380	105,034
Capital grants and contributions	19	2,705	2,600	79,504	2,787	3,694	155,346	36,977	360,088	584,932
General revenues:										
Taxes:										
Property taxes	1,244,477	1,079,096	1,015,155	1,008,941	1,000,700	974,695	962,972	968,042	970,716	892,839
Sales taxes	544,354	457,847	412,785							
Other taxes and licenses	93,730	93,117	95,091	414,136	406,038	402,651	390,699	356,952	332,403	313,951
Gain on sale of assets	1,140	2,111	33,417							
Investment earnings	841	522	1,833	4,584	4,679	3,887	1,861	1,148	1,731	2,081
Miscellaneous	<u>6,067</u>	<u>3,022</u>	<u>54</u>	<u>2,212</u>	<u>9,055</u>	<u>6,115</u>	<u>2,116</u>	<u>10,362</u>	<u>194</u>	<u>20</u>
Total revenues	<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>	<u>2,279,187</u>
Expenses										
General government	632,590	539,937	563,874	552,607	337,182	604,294	479,543	551,016	347,272	403,785
Public safety	385,378	460,939	491,583	440,675	358,436	439,093	450,926	415,119	418,288	417,698
Transportation	520,124	505,964	511,804	549,008	473,469	380,618	362,962	107,255	214,513	137,836
Environmental protection	130,640	134,919	129,150	126,867	117,305	96,173	12,343	1,587	162,683	203,889
Cultural and recreation	34,221	26,657	43,774	17,685	26,265	20,419	116,083	109,206	60,993	102,532
Interest on long-term debt	29,128	31,588	34,037	2,021	3,278	6,221	600			
Water	<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>	<u>171,006</u>
Total expenses	<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>	<u>1,436,746</u>
Increase (decrease) in net position before transfers and special items	482,919	327,604	(69,049)	226,395	416,325	170,015	559,055	345,715	686,560	842,441
Special item					(170,891)					
Transfers							3,075			
Increase (decrease) in net position	<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>	<u>\$ 842,441</u>

TOWN OF MONTREAT, NORTH CAROLINA

Table 5

Fund Balances / Net Position All Funds

	<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>	<u>FYE 2013</u>
Governmental Activities										
Nonspendable	\$	\$	\$	\$ 7,098	\$ 2,688	\$ 10,767	\$ 15,394	\$ 9,986	\$ 4,872	\$
Restricted	249,692	239,171	212,689	1,400,012	390,961	330,586	294,400	267,742	255,216	249,671
Committed	214,498	170,349	83,400	299,712	389,655	34,983	34,932	34,710	30,193	26,854
Assigned			135,308		32,876	182,297	177,192	382,322	419,290	54,177
Unassigned	<u>977,732</u>	<u>465,950</u>	<u>327,068</u>	<u>1,319,196</u>	<u>1,292,561</u>	<u>1,364,487</u>	<u>1,309,516</u>	<u>762,256</u>	<u>697,978</u>	<u>1,115,891</u>
Total governmental funds fund balances	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	1,446,593
Reconcile to net position	<u>5,001,062</u>	<u>5,101,328</u>	<u>4,954,378</u>	<u>2,668,895</u>	<u>3,504,494</u>	<u>3,510,371</u>	<u>3,437,761</u>	<u>3,452,813</u>	<u>3,258,293</u>	<u>2,588,714</u>
Governmental net position	<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>	<u>\$ 4,035,307</u>
Business-Type Activities										
Unrestricted	<u>\$ 906,983</u>	<u>\$ 864,772</u>	<u>\$ 802,964</u>	<u>\$ 825,684</u>	<u>\$ 881,868</u>	<u>\$ 822,641</u>	<u>\$ 754,721</u>	<u>\$ 391,634</u>	<u>\$ 597,996</u>	<u>\$ 595,469</u>
Total water fund balance	906,983	864,772	802,964	825,684	881,868	822,641	754,721	391,634	597,996	595,469
Net investment in capital assets	<u>1,058,751</u>	<u>1,084,229</u>	<u>1,082,388</u>	<u>1,070,467</u>	<u>1,038,682</u>	<u>1,032,219</u>	<u>1,020,541</u>	<u>1,180,864</u>	<u>1,036,410</u>	<u>982,912</u>
Business-type net position	<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>	<u>\$ 1,578,381</u>

TOWN OF MONTREAT, NORTH CAROLINA

Table 6

	Changes in Fund Balance General Fund									
	<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>	<u>FYE 2013</u>
Revenues										
Ad valorem taxes	\$ 1,245,291	\$ 1,079,524	\$ 1,013,719	\$ 1,008,840	\$ 1,000,700	\$ 974,703	\$ 966,124	\$ 968,685	\$ 973,858	\$ 895,333
Other taxes and licenses	544,354	457,847	412,785	414,136	406,038	402,651	390,699	356,952	332,403	313,951
Unrestricted intergovern- mental revenues	93,730	93,117	95,091	99,793	93,385	94,995	98,336	86,869	59,392	41,756
Restricted intergovern- mental revenues	50,463	242,986	42,053	41,699	46,875	47,438	205,259	76,307	300,024	97,902
Permits and fees	112,415	68,427	106,809	99,068	88,002	89,095	86,153	79,467	102,255	94,898
Sales and services				127,908	18,935	14,909	29,879	12,158	13,784	28,129
Investment earnings	778	486	1,550	4,257	4,395	3,643	1,709	1,073	1,629	1,850
Miscellaneous	8,842	14,081	2,700	5,141	8,240	9,809	6,816	10,939	1,396	2,020
Total revenues	<u>2,055,873</u>	<u>1,956,468</u>	<u>1,674,707</u>	<u>1,800,842</u>	<u>1,666,570</u>	<u>1,637,243</u>	<u>1,784,975</u>	<u>1,592,450</u>	<u>1,784,741</u>	<u>1,475,839</u>
Expenditures										
General government	530,407	517,869	553,453	451,845	363,348	409,101	479,832	560,520	652,473	393,828
Public safety	379,016	432,316	454,198	428,067	397,494	449,767	434,507	432,969	390,135	468,435
Transportation	404,223	374,265	774,971	658,186	389,954	486,518	576,811	452,875	478,599	477,526
Environmental protection	119,119	119,678	112,602	109,040	104,362	158,977	103,308	96,431	95,994	101,260
Cultural and recreation	22,684	14,584	31,701	2,633	13,490	7,644	10,945	188	160,970	202,022
Debt service:										
Principal	16,200	16,200	16,200	23,061	29,677	29,308	6,429			
Interest	1,741	2,095	2,437	517	3,505	4,242	600			
Total expenditures	<u>1,473,390</u>	<u>1,477,007</u>	<u>1,945,562</u>	<u>1,673,349</u>	<u>1,301,830</u>	<u>1,545,557</u>	<u>1,612,432</u>	<u>1,542,983</u>	<u>1,778,171</u>	<u>1,643,071</u>
Other financing sources										
Transfers from Water Fund										66,000
Transfers to Water Fund									(45,614)	(51,132)
Transfers to Capital Funds	145,454	(451,516)	(970,887)	(138,038)	(525,000)					
Sale of capital assets		2,111	145,917							
Debt/installment purchase obligations issued							201,875			
Total other financing sources (uses)	<u>145,454</u>	<u>(449,405)</u>	<u>(824,970)</u>	<u>(138,038)</u>	<u>(525,000)</u>		<u>201,875</u>		<u>(45,614)</u>	<u>14,868</u>
Net change in fund balance	438,169	30,056	(1,095,825)	(10,545)	(160,260)	91,686	374,418	49,467	(39,044)	(152,364)
Prior period adjustment			38,690							
Fund balance, beginning	<u>725,236</u>	<u>695,180</u>	<u>1,752,315</u>	<u>1,762,860</u>	<u>1,923,120</u>	<u>1,831,434</u>	<u>1,457,016</u>	<u>1,407,549</u>	<u>1,446,593</u>	<u>1,598,957</u>
Fund balance, ending	<u>\$ 1,163,405</u>	<u>\$ 725,236</u>	<u>\$ 695,180</u>	<u>\$ 1,752,315</u>	<u>\$ 1,762,860</u>	<u>\$ 1,923,120</u>	<u>\$ 1,831,434</u>	<u>\$ 1,457,016</u>	<u>\$ 1,407,549</u>	<u>\$ 1,446,593</u>

TOWN OF MONTREAT, NORTH CAROLINA

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
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

TOWN OF MONTREAT, NORTH CAROLINA

Table 8

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

<u>Fiscal Year Ended June 30</u>	<u>Ad Valorem Taxes</u>	<u>Other Taxes and Licenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Investment Earnings</u>	<u>Miscellaneous</u>	<u>Total</u>
2022	\$ 1,244,477	\$ 638,084	\$ 112,415	\$ 195,269	\$ 19	\$ 796	\$ 7,207	\$ 2,198,267
2021	1,079,096	550,964	68,427	257,147	2,705	487	5,133	1,963,959
2020	1,015,155	507,879	106,806	48,479	2,600	1,582	33,471	1,715,975
2019	1,008,941	414,136	109,992	262,302	79,504	4,263	2,212	1,881,350
2018	1,000,700	406,038	94,784	152,413	2,787	4,395	5,453	1,666,570
2017	974,695	402,651	98,987	147,450	3,694	3,643	6,115	1,637,235
2016	962,972	390,699	103,996	164,985	155,346	1,709	2,116	1,781,823
2015	968,042	356,952	83,021	135,379	36,977	1,073	10,362	1,591,806
2014	970,716	332,403	106,488	108,380	360,088	1,629	194	1,879,898
2013	892,839	313,951	98,618	105,034	584,932	1,850	20	1,997,244
2012	886,345	307,211	40,195	134,045	385,151	5,915	15,931	1,774,793

TOWN OF MONTREAT, NORTH CAROLINA

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
2022	\$ 1,242,087	\$ 1,241,622	99.96%	\$	\$ 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
2022	2021	\$ **	\$ **	\$ **	\$ 283,152,235
2021	2020	242,828,141	566,967	1,464,981	244,860,089
2020	2019	245,114,091	593,736	1,682,253	247,390,080
2019	2018	251,082,413	700,741	1,272,944	253,056,098
2018	2017	250,837,992	700,059	1,271,705	252,809,756
2017	2016	243,527,907	815,827	1,312,364	245,656,098
2016	2015	232,735,307	877,970	1,008,186	234,621,463
2015	2014	230,269,600	1,289,222	939,831	232,498,653
2014	2013	230,421,550	1,082,225	932,493	232,436,268
2013	2012	236,135,700	898,184	955,716	237,989,600
2012	2011	233,103,700	689,425	982,902	234,776,027

** Breakdown unavailable as of October 31, 2022

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
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
2013	0.3700	0.0900	0.5250	0.9850

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	Assessed Value	General Obligation Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Value	Population	Net General Obligation Bonded Debt per Capita
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%
2012	234,776,027	-	0.00%	688	0.00%

TOWN OF MONTREAT, NORTH CAROLINA

Table 13

Computation of Legal Debt Margin June 30, 2022

Assessed value of taxable property	\$ 283,152,235
Multiplied by 8% of assessed value	<u>0.08</u>
Debt limit	22,652,179
Gross debt:	
Installment purchases	1,166,280
Less: Water Fund debts	<u>(301,481)</u>
Total amount of debt applicable to debt limit	<u>864,799</u>
Legal debt margin	<u>\$ 21,787,380</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
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%
2013	-	-	-	1,265,740	0.00%

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

TOWN OF MONTREAT, NORTH CAROLINA

Table 15

Demographic Statistics

<u>Fiscal Year Ended June 30</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate % (June)*</u>
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
2013	690	\$ 20,075	24.3	6	6.7

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, 2022

Taxpayer	Classification	Assessed Valuation	Percentage of Total Assessed Valuation
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%
2020			
MOUNTAIN RETREAT ASSOCIATION	Institutional	\$ 2,558,924	1.03%
NEALE, HENRY W & MARGARET C	Residential	1,772,800	0.72%
LEGERTON, CLARENCE W	Residential	1,194,100	0.48%
CLARK, JACQUELINE F	Residential	1,168,200	0.47%
SCHEU, WILLIAM E	Residential	1,068,500	0.43%
BURRISS, FRANCIS M	Residential	1,054,900	0.43%
SHORTIDGE, KENNETH W JR	Residential	1,023,000	0.41%
HANNAH, WALTER W	Residential	979,000	0.40%
MCCASKILL, WM C	Residential	968,400	0.39%
COLLIE, MICHAEL R	Residential	950,900	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, 2022

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>
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
2013	194	70	14	278

Source: Montreat College, Montreat Conference Center.

TOWN OF MONTREAT, NORTH CAROLINA

Table 18

Miscellaneous Statistics June 30, 2022

Date of establishment	1967
Form of Government	Mayor-Council
Employees:	
Full-time permanent	13
Vacancies	0
Other (police reserve)	7
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	99
Water Service:	
Number of customers	680
Average daily consumption	101,341 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	