



AGENDA
Regular Town Council
Tuesday, February 11, 2020
Council Chambers 4:00 PM

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MINUTES

Reconvened Town Council Meeting

4:00 PM - Monday, December 23, 2019
Council Chambers

The Reconvened Town Council meeting from December 10, 2019 of the Town of Beech Mountain was called to order on Monday, December 23, 2019, at 4:00 PM, in the Council Chambers, with the following members present:

COUNCIL PRESENT: Mayor Barry Kaufman
Vice Mayor Jimmie Accardi
Councilmember Weidner Abernethy
Councilmember Kelly Melang
Councilmember Erin Gonyea

COUNCIL EXCUSED:

STAFF PRESENT: Attorney Stacy Eggers, IV
Interim Town Manager Bob Pudney
Town Clerk Tamara Mercer
Director of Special Projects Riley Hatch

1. CALL TO ORDER

2. ADOPTION OF AGENDA OR A MOTION TO AMEND THE AGENDA

- 2.1. Mayor Kaufman requested a motion to revise the agenda to add closed session pursuant to NC GS §143-318.11(a)(6) personnel matters. Vice Mayor Accardi added a citizen's comments section at the end of the meeting.

Motion

Weidner Abernethy made a motion to adopt the revised agenda and Erin Gonyea seconded the motion. CARRIED. unanimously.

3. CONSENT AGENDA

- 3.1. Res. No. 2019-07 Revised Bank accounts authorization for signatories

Mayor Kaufman requested the revised Resolution No. 2019-07, which contained the updated signatories.

Please note: Councilmember Kelly Melang joined the meeting at 4:05 p.m.

Motion

Jimmie Accardi made a motion to approve the revised Resolution No. 2019-07 for Beech Mountain Bank Account Signatories for authorizing: Mayor Barry Kaufman, Vice Mayor Jimmie Accardi, Interim Town Manager Bob Pudney and Finance Officer Steve Smith and Weidner Abernethy seconded the motion. CARRIED. unanimously.

4. TOWN MANAGER AND STAFF REPORTS

- 4.1.** Department of Infrastructure Reports
- 4.2.** Fire Department Monthly Report
- 4.3.** Police Department Monthly Report
- 4.4.** December TDA Report
- 4.5.** Parks and Recreation November Report
- 4.6.** Planning and Inspections Report 2019-11
- 4.7.**

Interim Town Manager Bob Pudney reviewed the departmental reports, noting that the new snow gun had broken but is under warranty so that will be fixed. Mr. Pudney said the Recreation Department receives many complaints regarding the telephone cables over the sled hill. The cables get covered in snow and/ or icicles and people fear that is unsafe to be underneath those cables. We have reached out to Skyline Utility requesting to move the fiber optics cable and are awaiting an answer. The snow gun creates the icicles which may be a hazard.

Mayor Kaufman suggested we put signage at the location for the public to park across street and there was discussion regarding signage at the sled hill and other locations.

Mr. Pudney addressed the Finance Department changes and said Steve Smith is back as the Finance Director, and that the personnel issues would be addressed in closed session, but he terminated the contract with Interim Finance Director, Bonnie Bray.

Mr. Pudney reviewed how we show expenditures in the budget for line items, he said in the past the town manager redistributed line items in budgets in order to show the line item with credits, while the ordinance allows for this, these changes were not recorded in the minutes.

Mr. Pudney is changing this process and we will see the line items in the negative if they have been in order to help us identify the deficient. For budgetary reasons, this will allow us to see what line items need adjustments and justify the increase for future budgeting. The intent will also help with transparency. In the past the line items would have been modified and monies transferred between line items, but we won't do that anymore. This will help to fund budgets correctly. Finance statements will better explain the negative in

the line item.

In response to Councilmember Abernethy's question, Mr. Pudney said all funds are accounted for but when he reviewed these adjustments with finance, he saw no indication of them recorded in the minutes. He wanted to know all the line items adjustments and this new procedure will rectify that issue.

The Finance Audit report has been transmitted to the LGC and we have received the comment that tasks are not separated out which is due to the size of the Staff, some staff are basically doing similar jobs. If we had a larger department the responsibilities would be divided amongst Staff for further checks and balances, and this was a comment from the Auditors. We are hoping to have that Audit presentation ready for Town Council and the public at the regular February meeting.

The new Public Works Facilities project is behind schedule due to weather. The contractor has received two pay draws. The financing with the bank has not closed. We are waiting for the audit and State review and LGC approval process in order to close the loan. That process is moving forward towards a closing date in January and the interest rate is already locked in. There will be no penalties with the contractor as the delay is on the Town's side.

Mr. Pudney addressed the gas and diesel supply equipment. The fuel supply has new software for dispensing. This installation software will track per employee and per vehicle to accurately account for fuel usage by department. The Public Works department replaced the North Pinnacle Ridge fire hydrant for \$500. The previous manager received six bids at a cost upwards of \$30,000 but our utilities staff replaced it for \$500 so we won't use private contractors. In response to Councilmember Melangs' inquiring, Mr. Pudney said the department has a list of the needed replacements and we will republish the list of fire hydrants after Staff has prioritized the list. He added if the hydrant does not have a snow marker on it, that would indicate it doesn't work. These fire hydrants will be replaced.

Mr. Pudney reviewed the water issue and said there is a new State water permit in place which controls Buckeye Lake. Water Utility Superintendent, Daniel Davis will give Council a presentation on January 14, 2020 regarding the permit and water supply. Mr. Davis will outline the new requirements regarding the release which has been issued from State. As discussed for years, violations as per the permit are based upon permit release requirements and as we know we must find other sources of water. The wells have not panned out and the Watauga Intake project is our only viable source of a new water supply. There was further discussion of the water capacity, release, the fines, enforcement and possible draught conditions. Mr. Pudney added that the dryer the conditions the release capacity is increased. This topic will be discussed further at the next meeting.

Next Mr. Pudney addressed the Convenience Center. He noted that there will be an abundance of refuse due to the fact that we can't haul refuse off the mountain until after the holiday which will be on the 26th. We will be

compacting until our normal routes commences. Councilmember Abernethy and Melang both commented that the convenience center looks great. Mr. Pudney acknowledged that while Sanitation Department has made it a priority, the Fire Department has also been involved with cleaning and has hosed and sprayed the location.

A personnel meeting was held on the 11th, stressing a positive mindset moving forward. Mr. Pudney asked for individual input as well as suggestions on how to be proactive in implementing comments and suggestions. There will be informational department head meetings every Monday at 8:30 wherein we can implement a team approach to directives and/ or calm fears or address suggestions. Riley Hatch is the Assistant Fire Chief, and will relocate to Fire Station 1, and will remain the Special Projects Director. Police Chief Tim Barnett is also assigned to assist as an administrative manager at Town Hall.

There have been some issues with the previous insurance carrier and the coverage plan specifically a few employees have incurred huge bills with AMPS. AMPS is the hospital insurance and some personnel are in collections with agencies for outstanding bills. Mr. Pudney is working with the previous carrier, Tucker Insurance to negotiate the collections, but as stated with the previous Council, we will work with the companies, the employees, and staff to negotiate what will be covered for the employee and they not be left without monetary support. We have identified three employees who need help. One is in the amount of \$29,000 and another is about \$8,000, to which he will work with Human Resources and Finance sorting these out.

Town Street Number and Addressing Campaign, Mr. Pudney said the Planning Committee, Staff and Police Department were working together on the addressing program. The Police Department will survey and complete an address checklist. Officers are on patrol checking for ordinance compliance. The Town's Zoning Official has noted where the Town itself needs to fix some issues with addressing on the buildings and then letters will go out with notifications if the structures do not visible numbering and lettering or incorrect addressing numbers on buildings. the Planning Department does not have Staff and resources, so we are working with the P.D. to check every address with patrol officers.

Lastly Mr. Pudney addressed Shane Outpost Park. He said the water feature was designed to pump out water from an existing well to Buckeye Lake as a public water feature. There are problems with that plan. Mr. Pudney explained that the water we pump in will have to be pumped out of Buckeye in order to comply with the release permit. He discussed the issues with the water capacity, the flow gage and water flow over the land rocks versus the water source remaining underground. Mr. Pudney said he stopped the project due to these issues. Some funds are expended to the contractor and the design engineer. Other design features at Shane Park were discussed and Mr. Pudney noted that Staff at Parks and Recreation, the Parks and Recreation Committee and the sub-committee were working together and will hold a meeting on the 31st of January to further work on the overall plan for Shane Park. Project costs and funds budgeted, donations received and features such as the bathrooms and the scope of the project will be discussed as to the plan

moving forward at the January meeting with a stakeholder question and answer period. McGill Engineering is the firm the Town is working with. Mayor Kaufman noted the concerns people have with the monetary donations, but the park is moving forward just in a different size and scope capacity.

The upcoming FY: 2020-2021 Budget Calendar was discussed, and Council noted the scheduled dates. The Staff will receive Council's priority concerns and fiscal year goals. Public input and suggestions were solicited in December and will continue to be advertised through January. The first work session is scheduled for January 23rd. The search for a Town Manager was discussed. Mr. Pudney noted we can perform the search in-house or we can hire a firm which conducts a more thorough comprehensive search. The costs for contracting the hiring search were discussed.

Mr. Pudney announced an upcoming meeting with local business owners to begin efforts by the Town to address business needs and install a team approach of cooperation between the Town and businesses. Ms. Gavenus as the Economic Development Director will coordinate the meetings. Council may attend and become a part of the task force, but we must be cognoscente that only two council members attend to avoid a quorum of council.

Staff serves the community, Council is encouraged to meet with Staff Department Heads to ask questions as they have the answers but not to give Staff tasks to do. Mr. Pudney requested Council to give tasks to him and he can track tasks in his system, or projects may need to be budgeted and vetted through the board and the Manager's Office can track statuses of projects. There was further briefing on contracts and project statuses from the previous year at the recycling location.

5. OTHER BUSINESS- NONE

6. PUBLIC COMMENTS

- 6.1. Mr. Urs Gsteiger addressed the health insurance issues and he said that when the Town was looking at the self insured program, that it would place the employees on the hook for costs. He added that he had warned the previous council that this would happen and it appears it has. The Council made a commitment then to cover those costs.

7. CLOSED SESSION

- 7.1. Mayor Kaufman requested to move to closed session under § 143-318.11 (6) personnel matters.

Motion

Weidner Abernethy made a motion to enter into closed session under § 143-318.11 (6) personnel and Jimmie Accardi seconded the motion. CARRIED. unanimously.

- 7.2. Upon reconvening the meeting from closed session, Mayor Kaufman stated

Council had made a decision to compensate the Interim Town Manager, Mr. Bob Pudney for his additional duties increasing his salary to \$85,000.

Motion

Kelly Melang made a motion to increase Interim Town Manager's salary to \$85,000 and Weidner Abernethy seconded the motion. CARRIED. unanimously.

8. ADJOURNMENT

- 8.1.** There being no further business, Mayor Kaufman requested adjournment at 6:15 p.m.

Motion

Kelly Melang made a motion to adjourn the meeting and Erin Gonyea seconded the motion. CARRIED. unanimously.

Town Clerk

Mayor, Town of Beech Mountain



MINUTES

Regular Town Council Meeting

4:00 PM - Tuesday, January 14, 2020
Council Chambers

The Regular Town Council of the Town of Beech Mountain was called to order on Tuesday, January 14, 2020, at 4:00 PM, in the Council Chambers, with the following members present:

COUNCIL PRESENT: Mayor Barry Kaufman
Vice Mayor Jimmie Accardi
Councilmember Weidner Abernethy
Councilmember Kelly Melang
Councilmember Erin Gonyea

COUNCIL EXCUSED:

STAFF PRESENT: Attorney Stacy Eggers, IV
Interim Town Manager Bob Pudney
Town Clerk Tamara Mercer
Public Utilities Superintendent Daniel Davis
Building Inspector John Merritt
Building Inspector Jeff Fish
Public Works Superintendent Matthew Clawson
Director of Tourism and Economic Development Kate Gavenus
Police Captain Renee Carpenter
Director of Special Projects Riley Hatch
Director of Infrastructure Robert Heaton
Parks and Rec Director Sean Royall
Finance Officer Steve Smith
Chief of Police Tim Barnett

1. CALL TO ORDER

2. ADOPTION OF AGENDA

2.1. Mayor Kaufman requested Council to adopt or amend the agenda.

Motion

Jimmie Accardi made a motion to adopt the agenda and Erin Gonyea seconded the motion. CARRIED. unanimously.

3. INVOCATION- DEWEY CYCLONE BRETT

4. PLEDGE OF ALLEGIANCE

5. COUNCILMEMBER PLAQUES PRESENTED BY MAYOR KAUFMAN

- 5.1.**
- former Mayor Renee Castiglione
 - former Councilman Carl Marquardt
 - former Councilman Wendel Sauer

Mayor Kaufman noted that while Renee Castiglione was not able to attend the meeting, he would be sure to give Ms. Castiglione her Beech Mountain Town Council plaque. He presented the plaques to former Councilmembers, Carl Marquardt and Wendel Sauer, to which they graciously accepted the Town Council plaques.

6. PUBLIC COMMENT

- 6.1.** Ms. Sandy Carr of 505 Pine Ridge Road recounted the history of Beech Mountain. She said our unique history included the bankruptcy of the developers, who had built the golf course, pool and club, the ski resort, and stables for horses. The bankruptcy lasted from 1975 - 1981, until citizens incorporated the Town under its Charter. Mr. Carr said a group of people solved big problems and saved the town. The year 2021 will be the Town's 40-year anniversary.

Beech Mountain's celebration can be a community partnership and Ms. Carr noted the milestone can include a birthday party combined with Arbor Day. The Town could also recognize our local veterans. She said the community has a year and half to prepare and there will be a media bonanza. Ms. Carr suggested a marketing tool could spotlight individual stories. Individual stories would be digitized and each week we highlight the selected story, which is basically a free marketing campaign. Ms. Carr added we shall come together on this project with the TDA, community and businesses to spearhead the event.

7. CONSENT AGENDA

- 7.1.** Adoption of Minutes- Regular meeting December 10, 2019

Motion

Jimmie Accardi made a motion to adopt the Consent Agenda which included the Council minutes of December 10, 2019 and Weidner Abernethy seconded the motion. CARRIED. unanimously.

8. NEW BUSINESS

- 8.1.** Board and Committee appointments

Mayor Kaufman requested Council to nominate candidates to the various

vacancies on the Boards and Committees and noted that Councilmember Melang would begin by addressing the Parks and Recreation Committee. After all motions were made and appointments completed, Mayor Kaufman noted there were many applications submitted and he thanked the citizens for taking an interest in serving and supporting the boards and committees.

Motion

Kelly Melang made a motion to nominate Michael Holland to fill the vacant position on the Recreation Committee, fulfilling Ms. Melang's vacant term expiring December 2022 and Jimmie Accardi seconded the motion. CARRIED. unanimously.

Motion

Erin Gonyea made a motion to nominate Greg Jackson to the Tree Board for a three-year term expiring December 2023 and Barry Kaufman seconded the motion. CARRIED. unanimously.

Motion

Jimmie Accardi made a motion to re-appoint Sandy Carr and to nominate Sandy Carr as Chair to the Tourism Development Authority Board to a three-year term and for Calder Smoot to remain as Vice Chair to the Tourism Development Authority and Kelly Melang seconded the motion. CARRIED. 4-1 (opposed: Barry Kaufman).

Motion

Weidner Abernethy made a motion to re-appoint Pete Chamberlin to serve on the Planning Board for a three-year term expiring December 2023 and Kelly Melang seconded the motion. CARRIED. unanimously.

Motion

Weidner Abernethy made a motion to nominate Larry Tyner to serve on the Planning Board and to fill a three-year term expiring December 2023 and Kelly Melang seconded the motion. CARRIED. unanimously.

Motion

Barry Kaufman made a motion to re-appoint Ron Nichols to a three-year term on the Board of Adjustment expiring December 2023 Weidner Abernethy seconded the motion. CARRIED. unanimously.

Motion

Barry Kaufman made a motion to re-appoint alternate member Sara Welsh to a

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three year term on the Board of Adjustment expiring December 2023 and Kelly Melang seconded the motion. CARRIED. unanimously.

Motion

Barry Kaufman made a motion to re-appoint Jane Miller to a three-year term on the Tree Board expiring December 2023 Kelly Melang seconded the motion. CARRIED. unanimously.

Motion

Jimmie Accardi made a motion to re-appoint Mandy Taylor to a three-year term on the Tourism Development Authority expiring December 2023 and Erin Gonyea seconded the motion. CARRIED. unanimously.

9. OLD BUSINESS

9.1. Shane Park update- Interim Town Manager Bob Pudney

Mr. Pudney announced a Shane Park construction and progress meeting scheduled for January 22, 2020 at 9:00 a.m. at Town Hall. The meeting will include the architect and designer, Mike Norris, the Shane Park committee and Staff which will present the scope of the plan for the combined bathroom facilities and costs. The committee will receive the critical path timeline and discuss the modifications made as well as the long-term goals for the park.

10. TOWN MANAGER AND STAFF REPORTS

10.1. Water Permit briefing by Daniel Davis, Utility Superintendent

Mr. Davis stated that Buckeye Lake is under a new discharge permit from the State as of January 1, 2020. Buckeye Lake is controlled and owned by the Town, but the water is regulated by the State of North Carolina. He noted that we are told how we use it in compliance with the environmental release regulations. If there is a water shortage, we have a response plan for draught and draught seasons. There are mechanisms in place and the State Department measures the Lake levels and the river and stream flows. This permit is putting extra discharge amounts on our system. There are stream gages mounted above and below the damn at Buckeye Lake, and what comes into and out of the Lake is measured by those gages. This is also reported to the State under our permit regulations.

Mr. Davis reviewed how the State measures the water by seasons. He said the seasons are from January through April and the fall season is April 16th thru December 31st. There is a minimum release of 40% of our mean annual flow. He then reviewed the regulations in place with the new permit, noting that the CFS measurements are closely watch by State. To remain in compliance, the department submits quarterly flow reports to the State. When there is little water flow in July and August, the downstream flow gage will tax our water supply. He further explained the amount per thousands to millions of

gallons per day that flow through our system.

He explained the maximum flow rate and the usual minimum. The average daily flow for 2019 per day usage of water was about 430,000 gallons but the maximum was 730,000 gallons for a day's usage. In the dry period, the response requirement is trigger set, and as we progress through a draught, the trigger set does allow us to drop the release to match in-flow with out-flow. Mr. Davis warned that this means that with this stringent permit in place and the nature of draught conditions on the mountain, we will have shortages if not this year, then the next. It all depends on the rain and /or if we have a wet or a dry summer. The water conservation restrictions may need to be in place as stated in our ordinance, and we will ask the community to use less and to conserve water, depending on the conditions.

Mr. Davis provided a summary of the permit overview. Reiterating that the Town encourages people to use conservation efforts for water usage, if not rates will increase as per the rate chart for usage. To remain in compliance with the permit we must continue to pursue all reasonable steps towards future alternative water supply in accordance with the recommendations by the Division of Water Quality.

In response to Councilmember Melang's question, Mr. Davis said we may receive violations if we do not comply with the permit, but the State intends to work with the Town. It is in their purview to protect the environment but also work with Town. He reviewed the procedure for non-compliance. A notice of violation can carry a monetary penalty which may accrue daily for failure to comply with the permit.

There was further discussion regarding the water permit release requirements, the permit restrictions and the viable growth of the town. In response to Councilmember Abernethy's question, Mr. Davis said the only stream that serves Buckeye Lake is Buckeye Creek. He said reducing water usage by 5% is a good target goal. We are planning to be proactive for the future and to promote conservation. Mayor Kaufman stated the Watauga Intake Project is the only long-term viable solutions for Beech Mountain's water issues. Dredging in the lake is not a feasible solution as that only creates more volume, therefore that volume would count towards the release requirements and that doesn't solve the problem.

In response to Councilmember Melang's question regarding an appeal of the release requirements in the permit, Mr. Davis explained the history of the appeals made by the Town and working with the State Department for the last few years. We have performed our due diligence in trying to secure other water resources such as the well drilling and conservation efforts. Mr. Davis reiterated our response plan in stages, tier 1, tier 2 as the trigger is based on the elevations and when the water levels drop.

Mayor Kaufman said that when the Town went to the Watauga County Commissioners two years ago, there was about 350 people there to protest Beech Mountain's request to access the water. The Commissioners were not going to approve it, and we may need to appeal to the State Department of

Water Quality for help cooperating. We estimate we need 15%, until we have fines, we will be prepared to move forward, said Mr. Davis.

Attorney Eggers added that at the time the discussion with the County took place, the Department of Environmental Quality reclassified the watershed. The watershed classification applies to and protects the setbacks, the next step is to request a reclassification. A different designation would help the Town. We can work towards that and then re-approach the Watauga Commissioners.

Mr. Pudney stated Town Council has scheduled a work session on the topic of the Watauga Water Intake Project, for February 25, 2020 at 2:00 p.m. The contracted engineer firm, design professionals, Public Works and Finance Staff will be in attendance, and he encouraged citizens to attend.

10.2. Business Acknowledgement- Poppy's Coffee Shop

Mr. Pudney acknowledged newly formed local business, Poppy's Coffee Shop. He said the purpose of this business acknowledgement is to bring attention to the local businesses that help Beech Mountain to thrive. The local business community is the economic engine of the town, without our business community the town could not survive. Each month, we would like to introduce a local business to the public here at the Town Council meeting to show support and encouragement. There is no award presentation or plaque, simply an acknowledgement of the risk and hard work involved in operating a business here in the Town of Beech Mountain.

Today we are introducing Poppy's Coffee Shop, 1103 Beech Mountain Parkway, one of the Town's newest businesses. I would like to introduce the owner Taylor Reep, as we encourage all residents and visitors to stop by Poppy's for a cup of fantastic coffee.

10.3. Fire Department Recognition Award- Captain Tim Holland, 45-year pin

Fire Department Chief Pudney said that Captain Tim (Vern Jr.) Holland joined the volunteer fire department on May 1, 1975. at 18 years old. He has attended over 5,000 hours of training. Tim has responded to over 6,000 emergency calls, both fire and medical. He has served as the Fire Chief and he currently is assigned as the Fire Department Medical Officer. He currently serves as the vice-president of the board of directors. He has tested each and every fire hydrant each year for the past 20 years.

As a family, Tim's late father was a long-term Fire Department member and one of the founders. Tim's wife Jan, and son Michael currently serve as active volunteers. To which Mr. Pudney thanked the Holland family for their combined years of serving the mountain. He presented Captain Tim Holland with his uniform pin acknowledging his 45 years of service to our community.

10.4. Mr. Pudney reviewed the upcoming schedule and said on January 23, 2020 at 8:30 a.m. the Town Council Planning Retreat for Fiscal Year 2020-2021 will begin. The Finance Auditor presentation is scheduled for February

11th. The Convenience Center has a new chain-link fence and gates, allowing for more controls. No contractor or construction debris will be allowed at the dump. Staff will strictly enforce the ordinance. Signs are posted regarding the material restrictions. A bid has been accepted to install cameras at the Convenience Center.

The Town plans to close the bank loan for new Public Works Facilities Project. Preparation at the site is underway, with the retention pond and sewer line replacement installation. The work will continue weather permitting. Mr. Pudney congratulated Street Maintenance Superintendent, Matthew Clawson, as he has devised a new way to dispense the roadway salt. Mr. Pudney explained the equipment we were using, citing that the salt truck was too large to control on our small street and Mr. Clawson utilized the equipment we owned to invent a smaller salt spreader. The new salt mounts work well in a snow storm. The department is covering more miles in a safer manner. It is more maneuverable in ice and snow.

Mr. Pudney acknowledged the change in NCDOT procedures since the Town had issues on Beech Mountain Parkway in the last ice storm. An accident closed the parkway and the State, Avery County, and Public Works conducted a post incident analyst implementing the new procedures. We are combining resources. DOT has agreed to allow the DOT truck to remain on the mountain where we will resupply it.

The insurance adjuster, John Pendergrass will be meeting with Finance in order to negotiate with AMPs, the hospital insurance billing to work on the problems with AMPs billing. Town Council has directed management to solicit proposals for a town attorney, this includes accepting a proposal from the Eggers Law Firm. We are looking for at least three quotes, in order to review proposals for a decision in the future.

Mr. Pudney stated that a resident said they spotted a police officer and the Chief of Police picking up trash. Mr. Pudney encouraged everyone to pick up trash and he provided trash bags to the Council. DOT has scheduled a repaving of Beech Mountain Parkway on the Avery County side. We do not have a timeline for the Watauga County side of Beech Mountain Parkway as there is not a budget set yet, but we anticipate the repaving for the spring and summer season of 2020.

A business task force has been formed and a meeting will be scheduled as per the TDA Director Kate Gavenus, who heads that task force. Mr. Pudney lastly noted the restructuring of Town Hall offices. Mr. Hatch, Special Projects has been moved to Fire Station 1, as he is also the Assistant Fire Chief. The Tax, Utility, and Accounts Receivable desks are moved to the first office and we will be hiring an assistant at reception in Town Hall for the reception of visitors and citizens.

- 10.5.** Fire Department Monthly Report
- 10.6.** Police Department Monthly Report
- 10.7.** December 2019 Recreation Report

- 10.8. Department of Infrastructure Reports
- 10.9. TDA January Report
- 10.10. Planning and Inspections Report 2019-12

11. TOWN COUNCIL COMMENTS

- 11.1. Councilmember Melang expressed her 'thankyous' to the public and fellow councilmembers.

Councilmember Abernethy expressed his 'thankyous' to Mr. Brett for the invocation, Mr. Pudney and his wife, Connie Pudney, and to Council for a productive meeting.

Councilmember Gonyea expressed her 'thankyous' to the public and past councilmembers for their service. Ms. Gonyea said she wished to give her monetary stipend as councilmember back to the Town, either to the General Fund or the Council's budgeted fund in order to benefit the Town.

Vice Mayor Accardi expressed his 'thankyous' to the volunteers on committees and boards and to past Councilmembers, Carl Marquardt, Wendel Sauer and Renee Castiglione. He was very supportive of the joint meetings between the Town and the businesses. The joint meetings had a good turnout and with this approach, the partnership can implement new ideas.

Mr. Accardi stated that Council should look at the calendar to schedule Town Hall meetings at Buckeye Creek Recreation Center. This will allow for a relaxed setting between Council and citizens.

Mayor Kaufman agreed and encouraged citizens to provide their concerns and ideas to the Town. Past Town Hall meetings have been interesting and very informative, with good turn-outs by the public. He requested that citizens continue to provide ideas for the upcoming work session, and he added that all board and committee meetings are open to the public. Anyone can attend and can speak at a meeting. Meetings are not closed. Mayor Kaufman added that he enjoyed working with the past councilmembers: Renee, Carl and Wendel.

12. CITIZENS' AGENDA COMMENTS

- 12.1. Mr. Frank Steele said 'thank you' to the Council for working together. He said debates can be held in a profession manner and with clear vision, meetings should be uplifting for building and growing the Town.

Ms. Judy Elliot was concerned with the water issues and said she wants representatives to give the community guidance, to which Daniel Davis reiterated we have the public outreach programs in place for water conservation and for announcements. Largely the Town requests public support to conserve our water resources and to comply when the Code Red notifications sent out through the 911 system and the various social media and websites. The Mayor noted that a subcommittee may be formed to help write

our General Assembly representatives as well as the Staff working with the State departments.

13. ADJOURNMENT

- 13.1.** There being no further business, Mayor Kaufman requested a motion to adjourn. At 5:22 p.m. the meeting adjourned.

Please note: the minutes are not a verbatim record of the proceedings.

Town Clerk

Mayor, Town of Beech Mountain



COUNCIL ACTION ITEM

TO: Town Council
FROM: Steve Smith
DATE: February 11, 2020
SUBJECT: Audit and Financial Statements Presentation

FOR THE PURPOSE OF:

Wade Greene CPA,
To present Council the audit results and basic financial condition of the town.

STAFF RECOMMENDATION:

Approve the Audit results and basic financial statements.

SIGNATURES:

Town Manager

Town Clerk



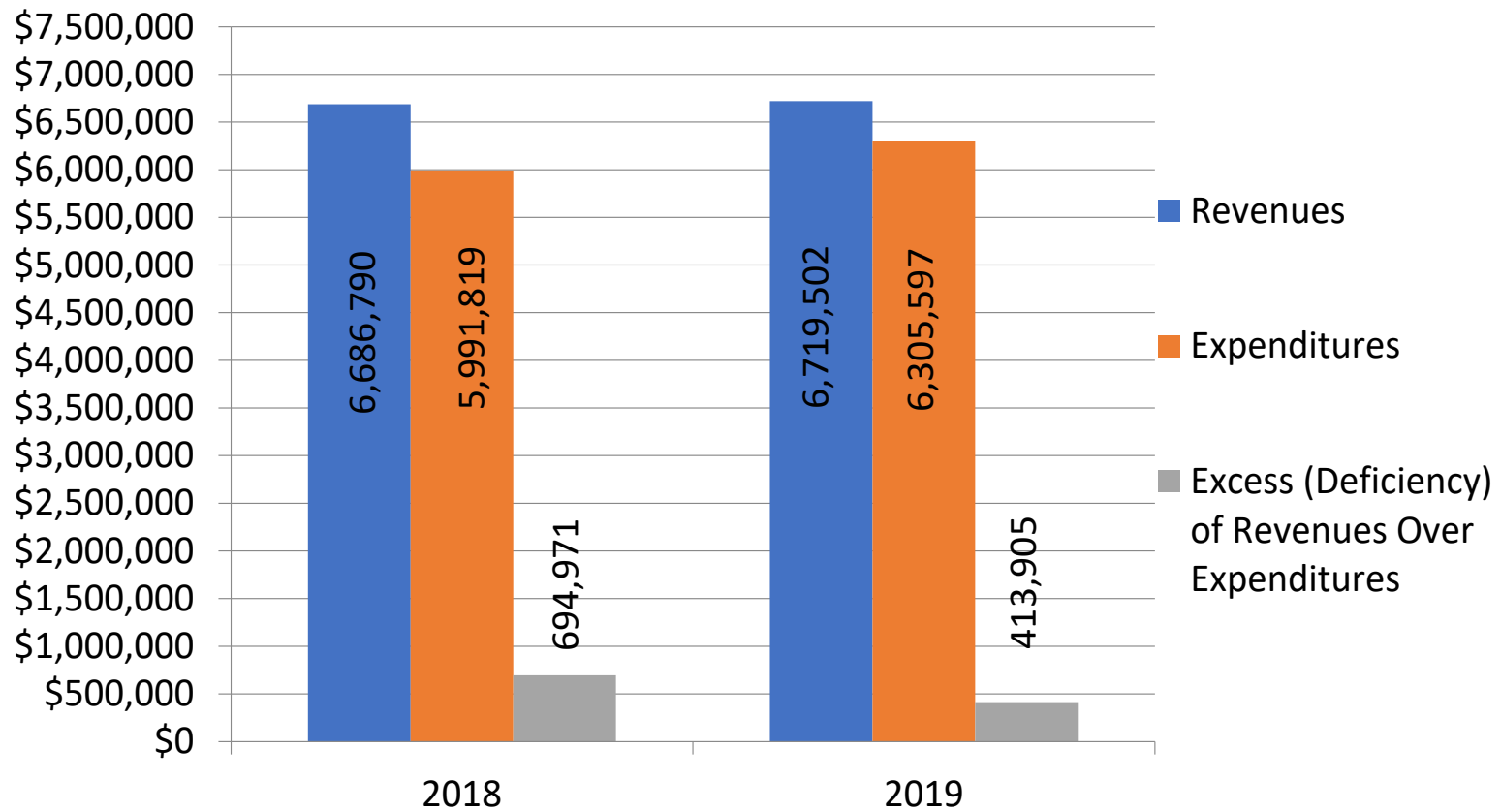
Audit Presentation

**Fiscal Year Ending
June 30, 2019**

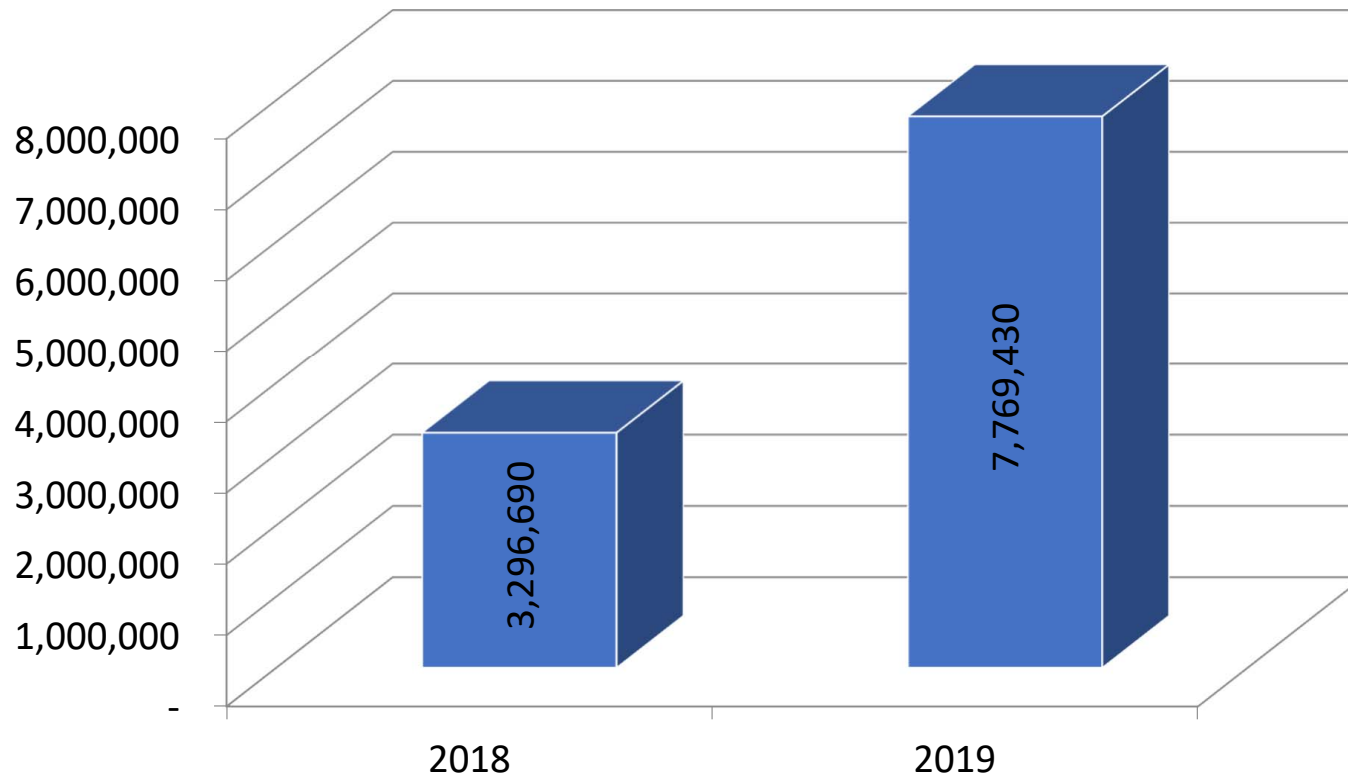
Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,899,679
- Net Position increased by \$539,872

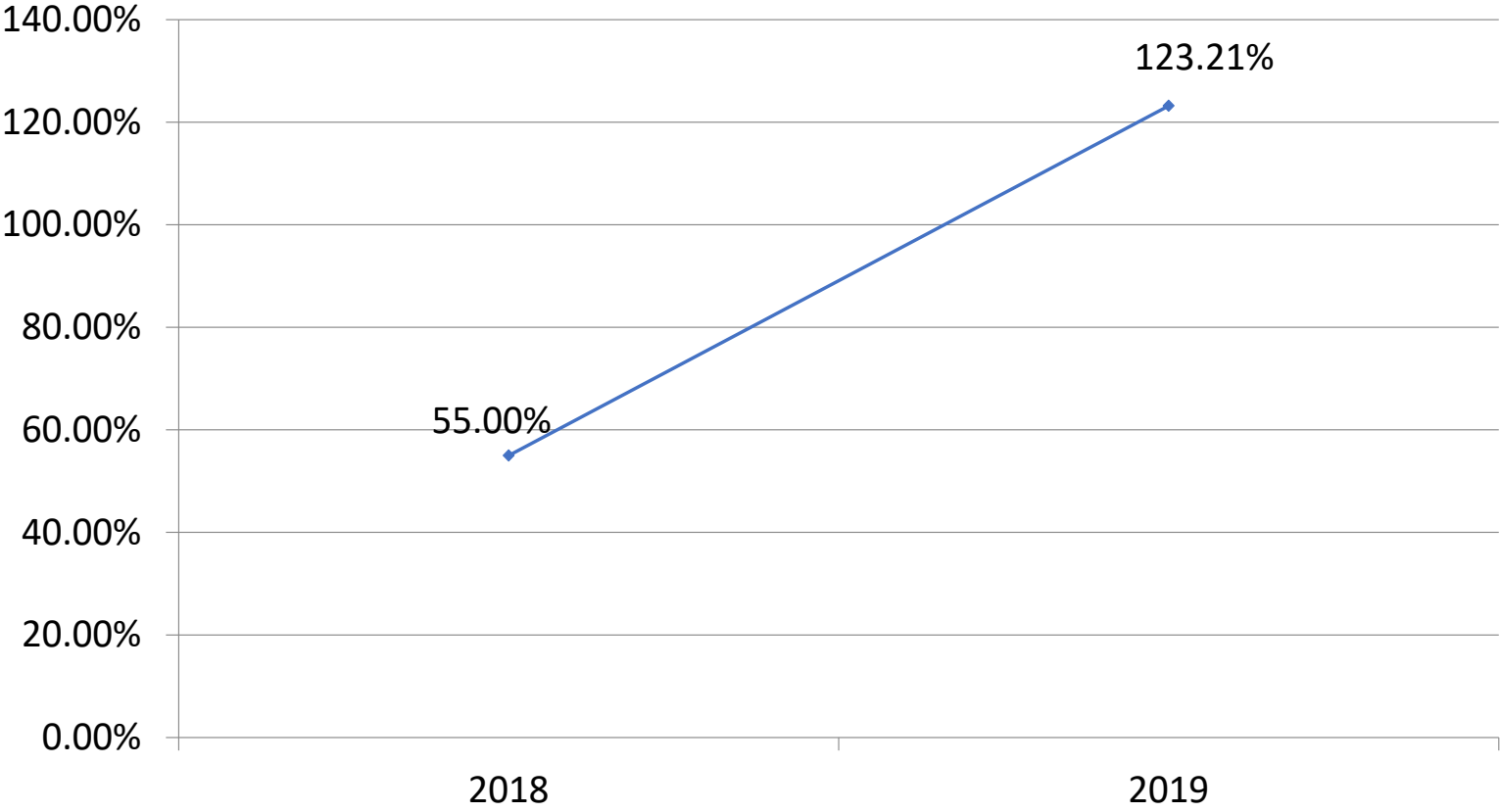
General Fund Revenues and Expenditures



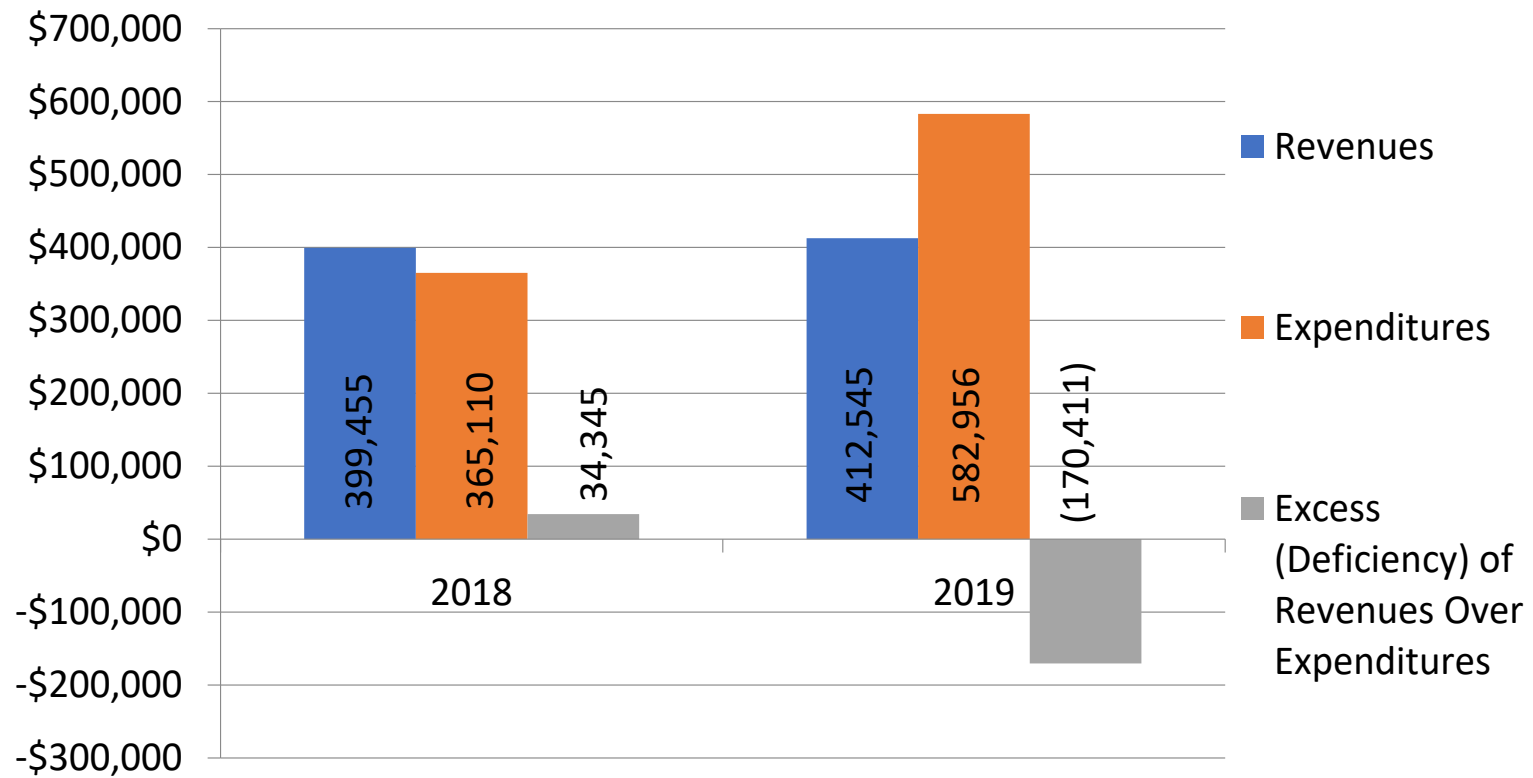
General Fund Fund Balance Available



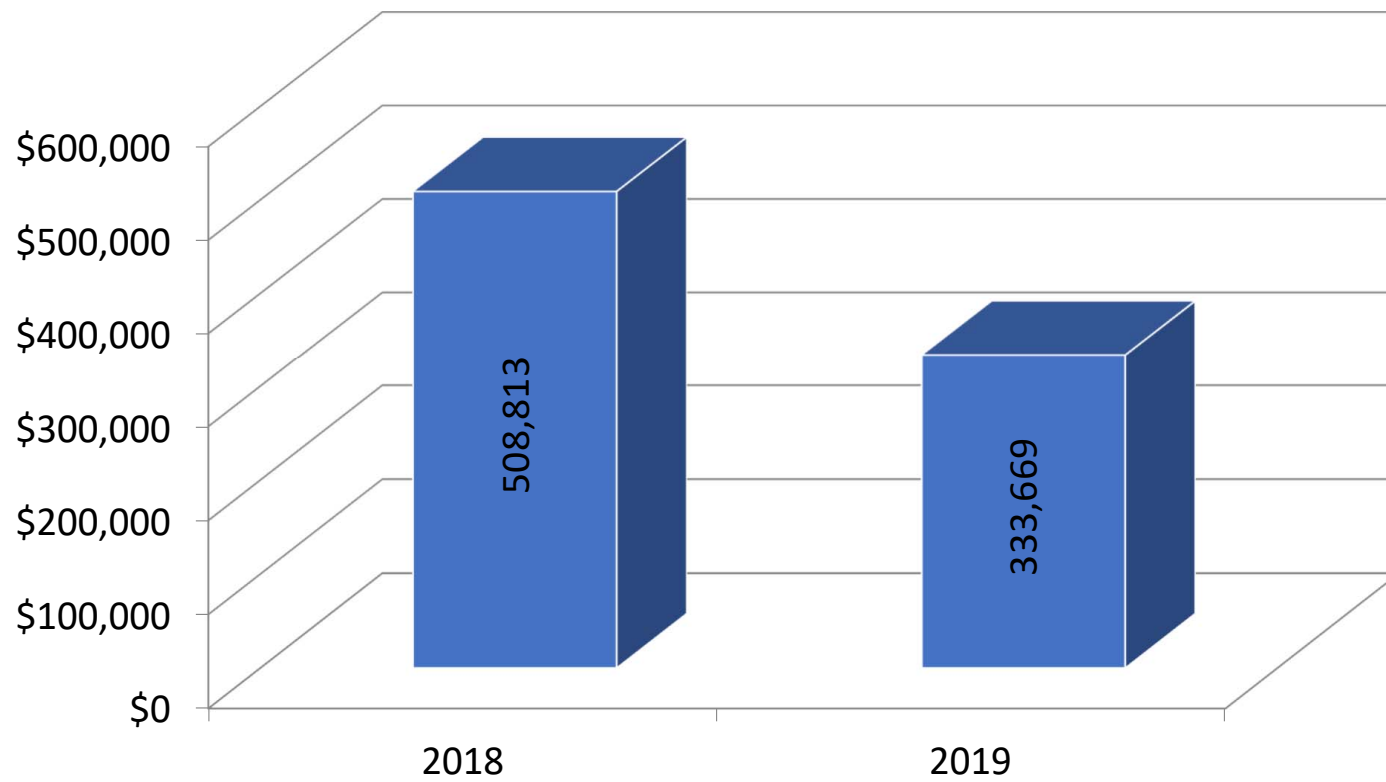
General Fund – Fund Balance Available As A Percentage of Expenditures



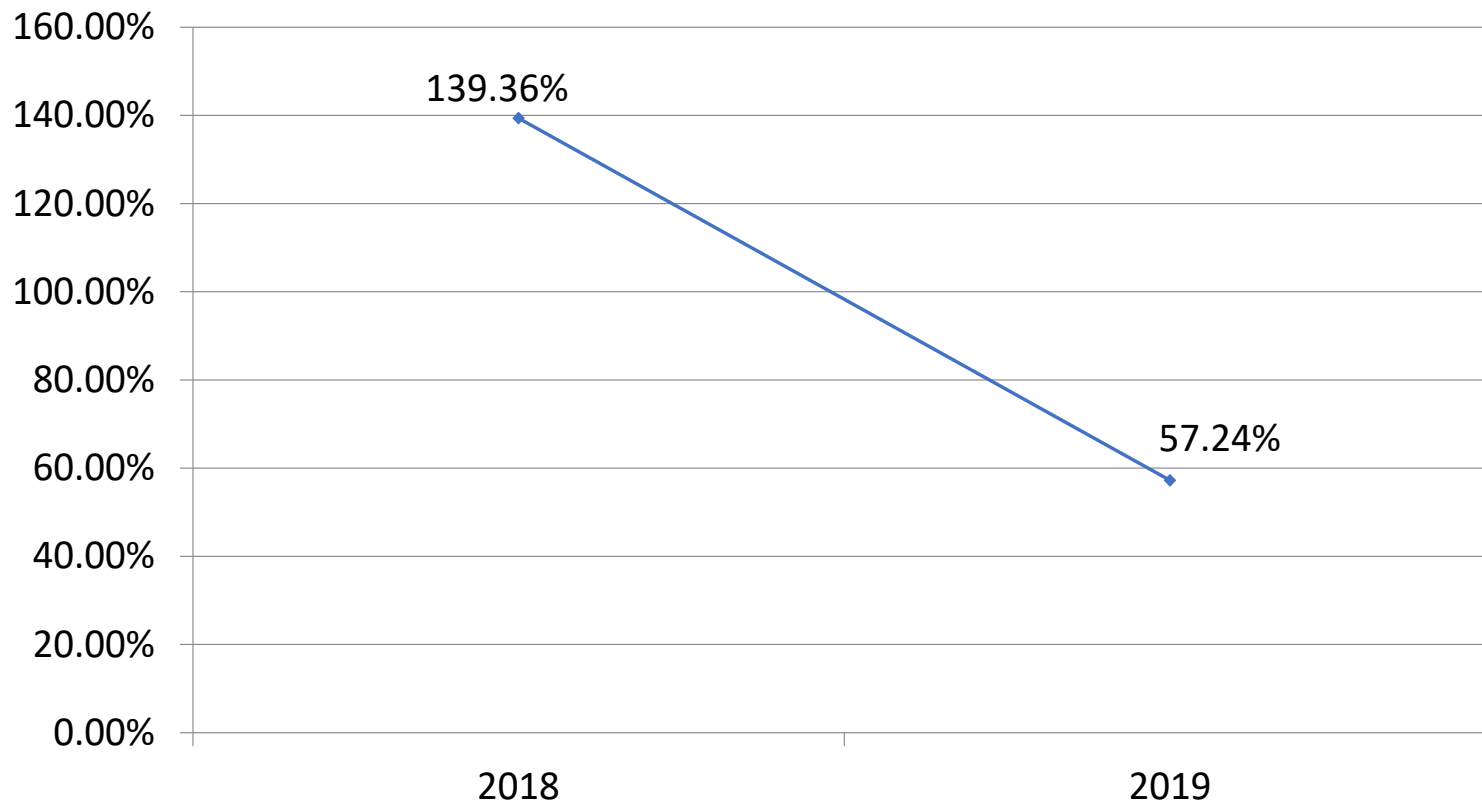
Sanitation Fund Revenues and Expenditures



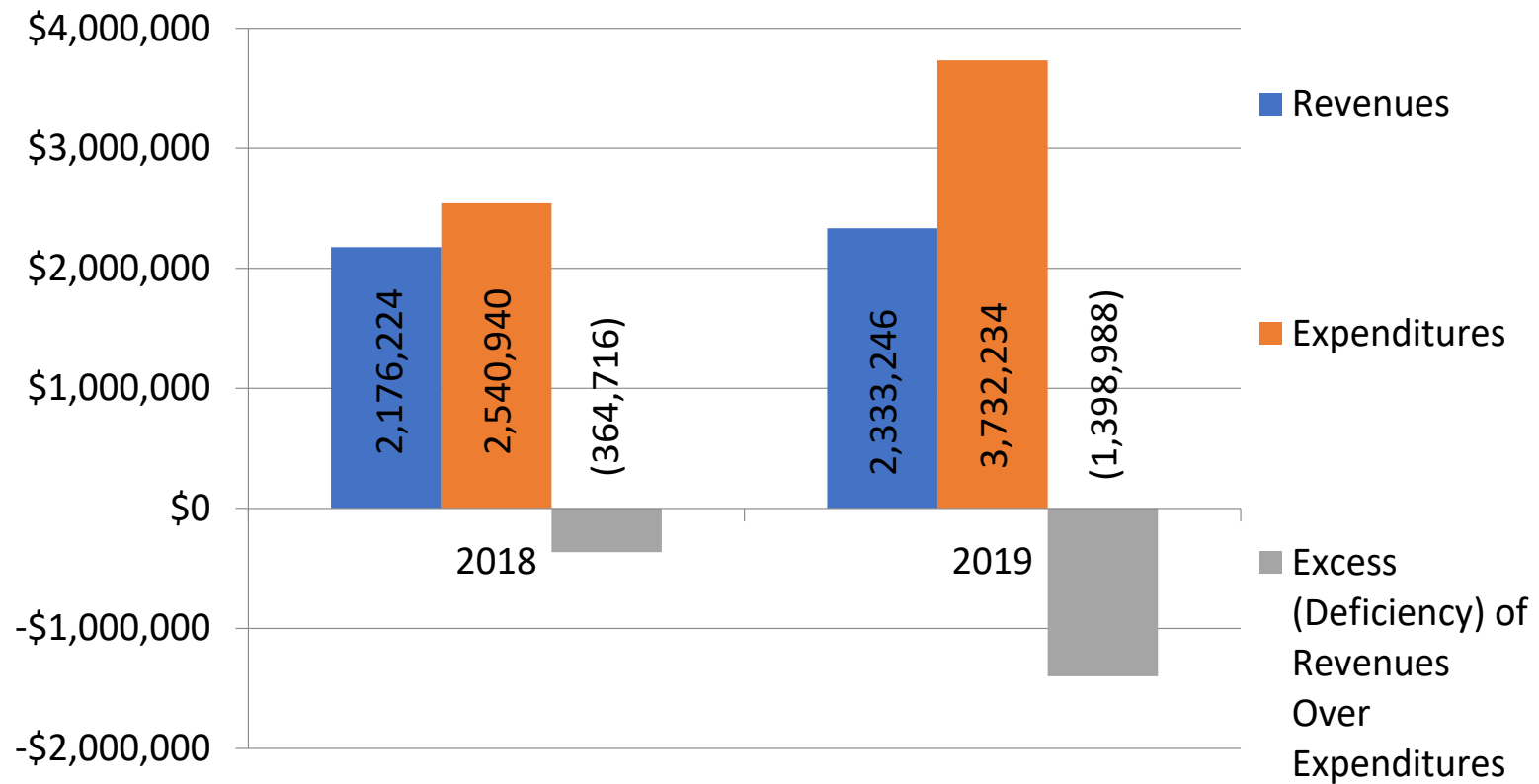
Sanitation Fund Fund Balance Available



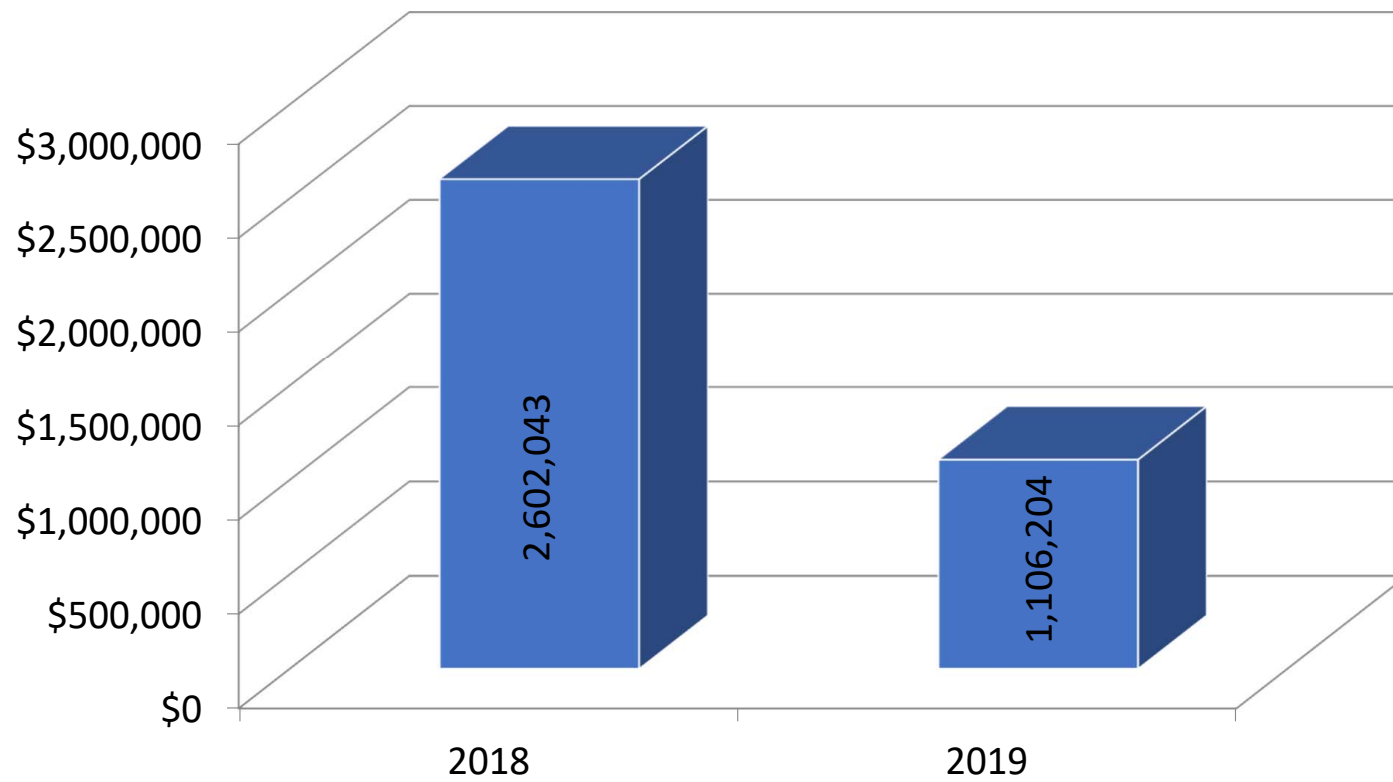
Sanitation Fund – Fund Balance Available As A Percentage of Expenditures



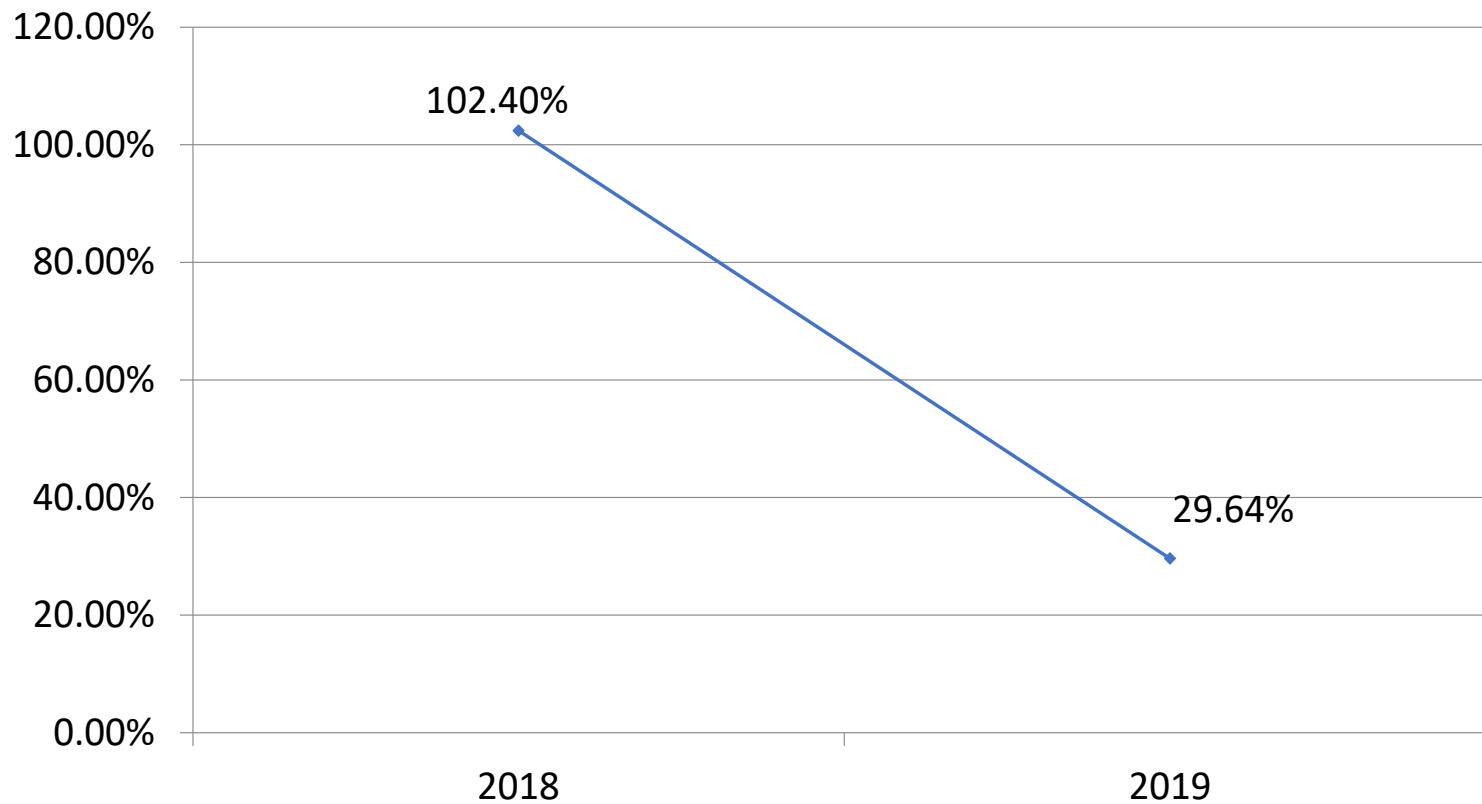
Water and Sewer Fund Revenues and Expenditures



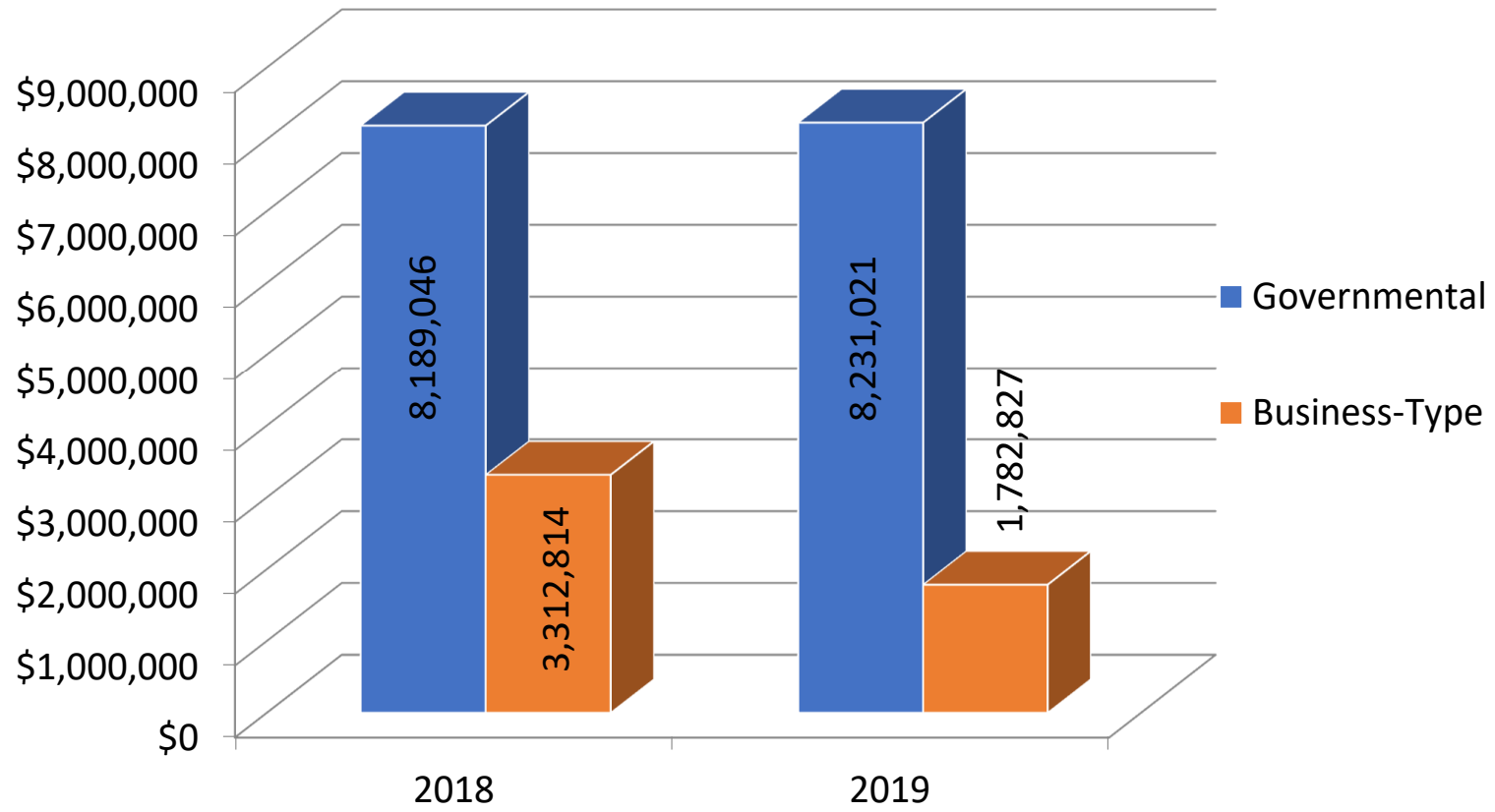
Water and Sewer Fund Fund Balance Available



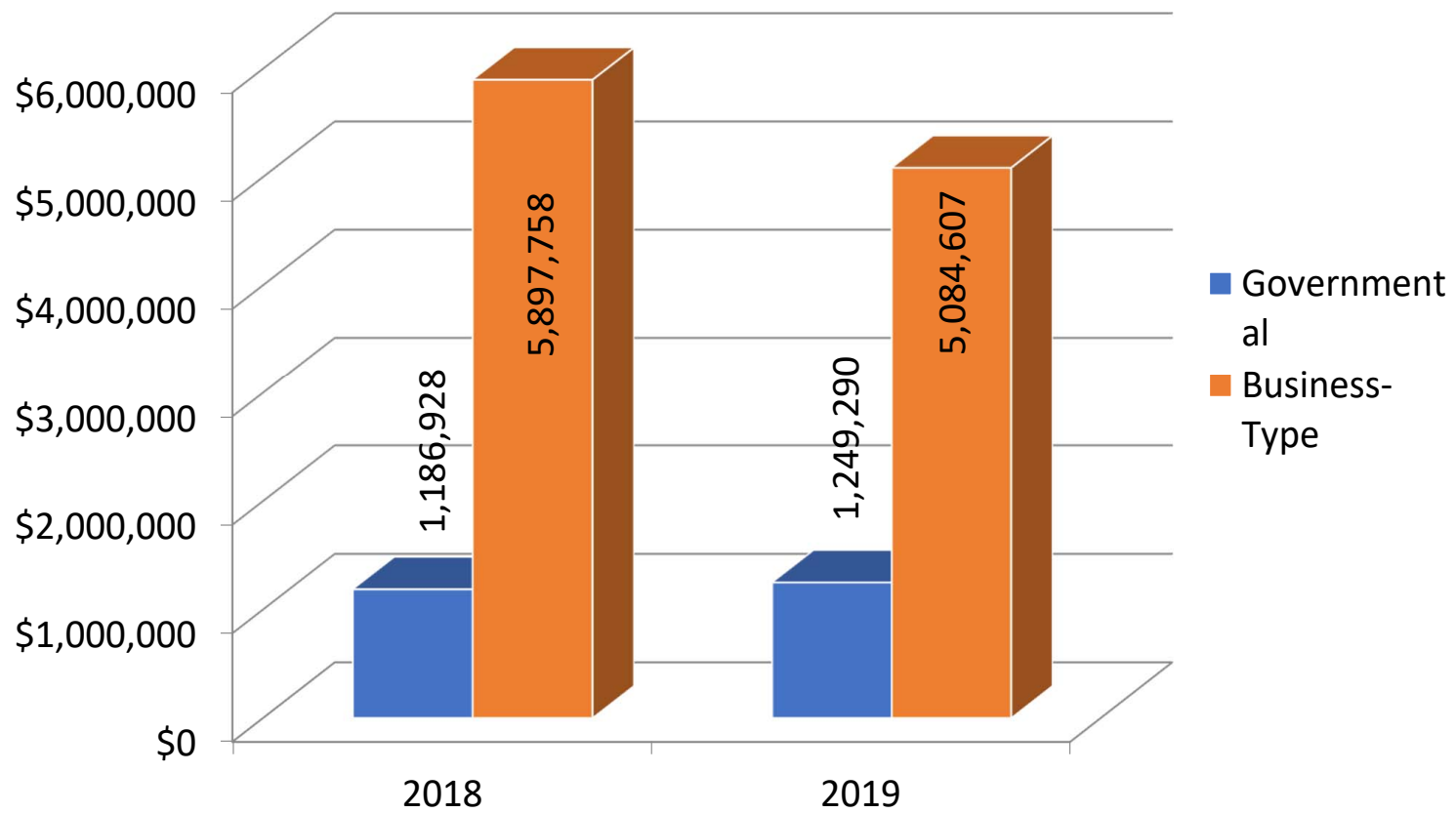
Water and Sewer Fund – Fund Balance Available As A Percentage of Expenditures



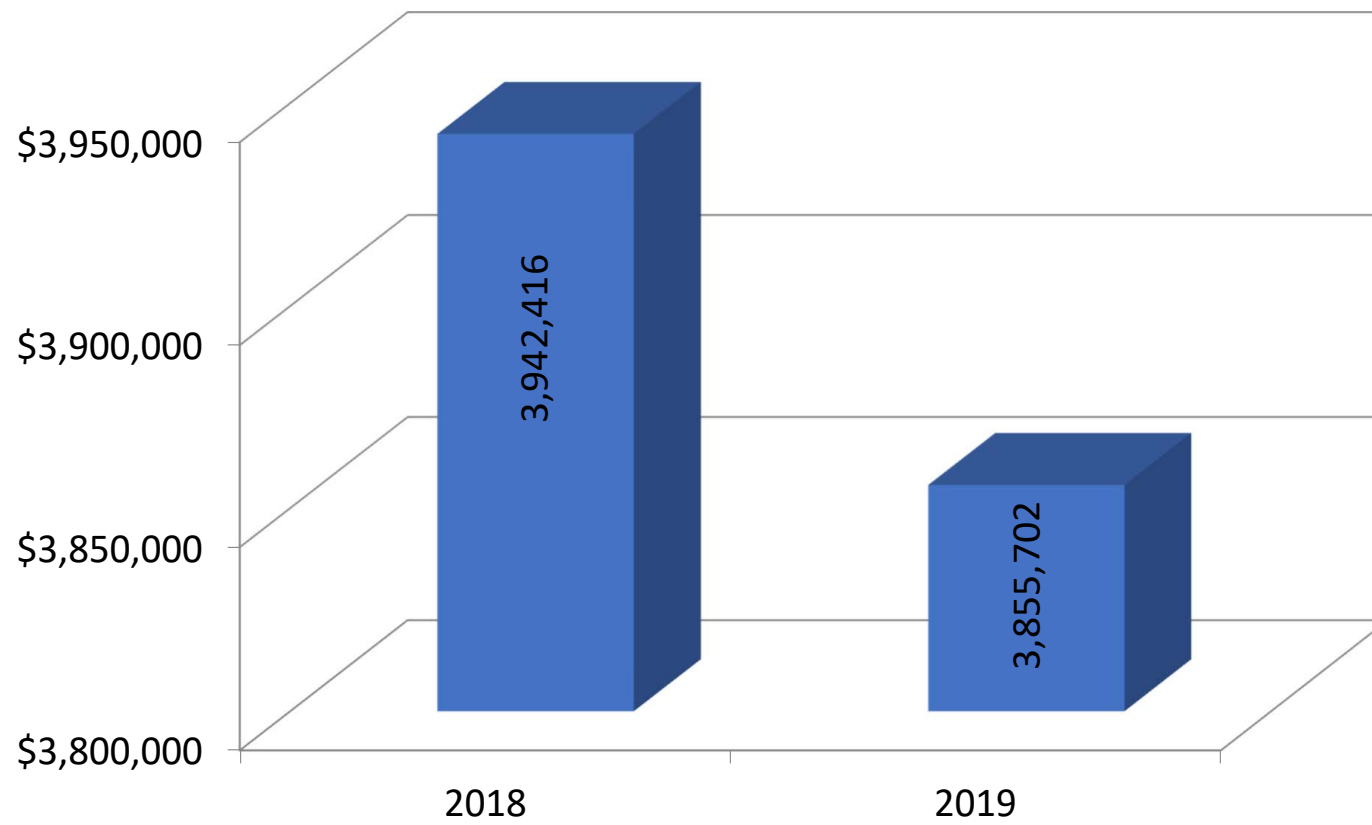
Cash



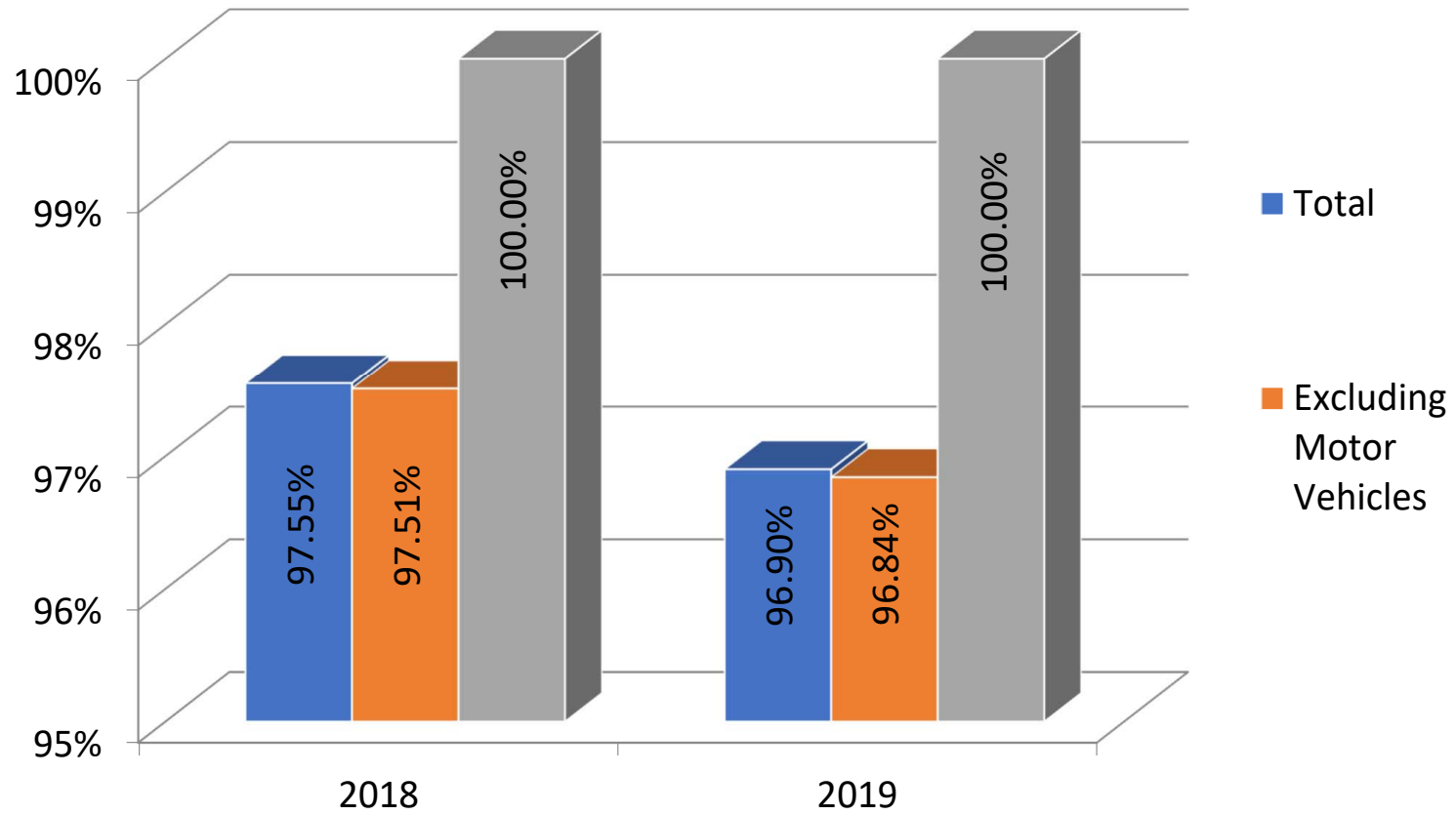
Long-Term Debt



Net Tax Levy



Tax Collection Rate



Other Matters

- Appreciation of cooperation and assistance extended by members of the Finance Department to us in successful completion of the audit.
- Any questions or comments, please contact:



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Whiteville, NC 28472
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TOWN OF BEECH MOUNTAIN, NORTH CAROLINA

Report of Audit

For the Fiscal Year Ended June 30, 2019



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FINANCIAL SECTION

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Independent Auditor's Report

To the Honorable Mayor
And Members of the Town Council
Beech Mountain, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Beech Mountain, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Beech Mountain Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Beech Mountain, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund and the Emergency 911 Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions and 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 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Beech Mountain, North Carolina. The combining and 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.

The combining and individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2019 on our consideration of Town of Beech Mountain's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Beech Mountain's internal control over financial reporting and compliance.

W Greene, PLLC

Whiteville, North Carolina
October 1, 2019

Management's Discussion and Analysis

As management of the Town of Beech Mountain, we offer readers of the Town of Beech Mountain's financial statements this narrative overview and analysis of the financial activities of the Town of Beech Mountain for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

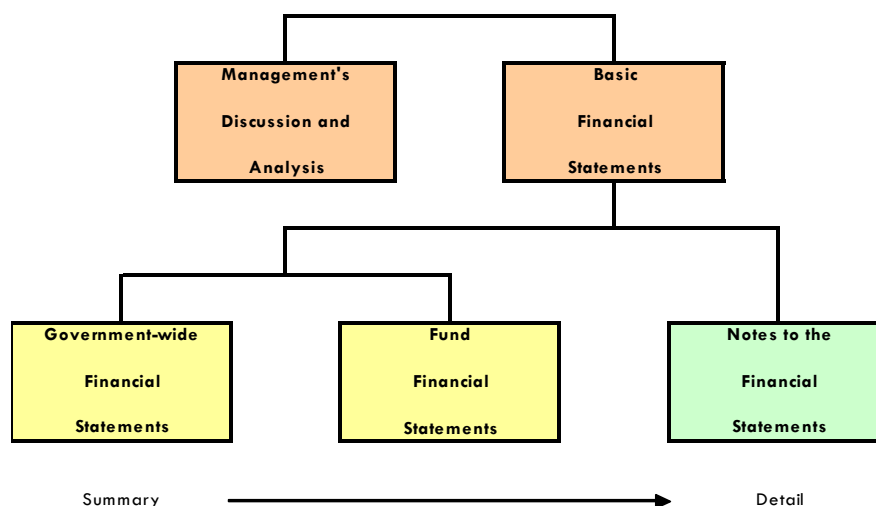
- The assets and deferred outflows of resources of the Town of Beech Mountain exceeded its liabilities and deferred inflows at the close of the fiscal year by \$24,899,679 (net position).
- The government's total net position increased by \$539,872, primarily due to an increase within the governmental activities.
- As of the close of the current fiscal year, the Town of Beech Mountain's governmental funds reported combined ending fund balances of \$8,341,837 with a net increase of \$108,854 in fund balance. Approximately 7.96 percent of this total amount, or \$664,105, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,036,041, or 48.15 percent of total general fund expenditures for the fiscal year.
- The Town's total debt decreased by \$750,789 during the current fiscal year. The key factor in this decrease was the debt payments in the business-type activities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Beech Mountain'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 Beech Mountain.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (pages 18 through 21) 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 (pages 22 through 33) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

Government-wide Financial Statements

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

The two government-wide statements report the Town's net position and how 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 three categories: 1) governmental activities; 2) business-type activities and 3) component units. The governmental activities include most of the Town's basic services such as administration, streets and highways, public safety and parks and recreation. 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. This includes the water and sewer and sanitation services offered by the Town of Beech Mountain. The final category is the component unit. Although legally separate from the Town, the Beech Mountain Tourism Development Authority is important to the Town because the Town exercises control over the Authority Board by appointing its members and because the Authority operates within the Town's boundaries for the benefit of the Town's residents.

The government-wide financial statements are on pages 18 through 21 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 Beech Mountain, 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 Town of Beech Mountain can be divided into two categories: governmental funds, and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Beech Mountain adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – Town of Beech Mountain 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 Beech Mountain uses enterprise funds to account for its water and sewer activity and sanitation operations. These funds are the same as those functions shown in business-type activities in the Statement of Net Position and the Statement of Activities.

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 are on pages 34 through 66 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Beech Mountain's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 68 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.

Management's Discussion and Analysis (Continued)

Government-Wide Financial Analysis

Town of Beech Mountain's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 8,981,086	\$ 8,887,656	\$ 2,050,390	\$ 3,544,051	\$ 11,031,276	\$ 12,431,707
Capital assets	6,135,236	5,907,051	14,115,928	13,534,835	20,251,164	19,441,886
Deferred outflows of resources	582,147	356,011	136,347	122,980	718,494	478,991
Total assets and deferred outflows of resources	15,698,469	15,150,718	16,302,465	17,201,866	32,000,934	32,352,584
Long-term liabilities outstanding	1,190,303	1,186,927	4,802,608	5,897,758	5,992,911	7,084,685
Other liabilities	397,406	399,202	624,953	431,892	1,022,359	831,094
Deferred inflows of resources	81,551	70,266	4,434	6,732	85,985	76,998
Total liabilities and deferred inflows of resources	1,669,260	1,656,395	5,431,995	6,336,382	7,101,255	7,992,777
Net position:						
Net investment in capital assets	5,954,366	5,537,526	9,253,317	7,838,535	15,207,683	13,376,061
Restricted	627,832	794,041	-	-	627,832	794,041
Unrestricted	7,447,011	7,162,756	16,17,153	3,026,949	9,064,164	10,189,705
Total net position	\$ 14,029,209	\$ 13,494,323	\$ 10,870,470	\$ 10,865,484	\$ 24,899,679	\$ 24,359,807

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 Beech Mountain exceeded liabilities and deferred inflows by \$24,899,679 as of June 30, 2019. The Town's net position increased by \$539,872 for the fiscal year ended June 30, 2019. However, a large portion (61.08%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Beech Mountain uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Beech Mountain's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Beech Mountain's net position, \$627,832, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,064,164 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 96.90%
- Actual expenditures overall were less than budgeted in the governmental and business-type activities.

Management's Discussion and Analysis (Continued)

The Town of Beech Mountain's Changes in Net Position

Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 117,513	\$ 157,041	\$ 2,702,426	\$ 2,550,033	\$ 2,819,939	\$ 2,707,074
Operating grants and contributions	215,366	196,900	-	-	215,366	196,900
Capital grants and contributions	-	55,686	-	-	-	55,686
General Revenues						
Property taxes	4,053,815	3,967,176	-	-	4,053,815	3,967,176
Other taxes	2,067,031	2,122,274	-	-	2,067,031	2,122,274
Other	388,518	342,239	57,841	44,032	446,359	386,271
Total revenues	6,842,243	6,841,316	2,760,267	2,594,065	9,602,510	9,435,381
Expenses:						
General Government	1,804,895	1,842,714	-	-	1,804,895	1,842,714
Public Safety	2,042,121	1,944,734	-	-	2,042,121	1,944,734
Transportation	1,469,428	1,203,535	-	-	1,469,428	1,203,535
Cultural and Recreation	710,955	674,878	-	-	710,955	674,878
Special Projects	91,493	40,001	-	-	91,493	40,001
Interest on long-term debt	38,465	15,576	187,628	190,395	226,093	205,971
Sanitation	-	-	424,873	398,169	424,873	398,169
Water and Sewer	-	-	2,292,780	1,999,836	2,292,780	1,999,836
Total expenses	6,157,357	5,721,438	2,905,281	2,588,400	9,062,638	8,309,838
Increase(Decrease) in net position before transfers	684,886	1,119,878	(145,014)	5,665	539,872	1,125,543
Transfers	(150,000)	-	150,000	-	-	-
Change in net position	534,886	1,119,878	4,986	5,665	539,872	1,125,543
Net position, July 1	13,494,323	12,374,445	10,865,484	10,859,819	24,359,807	23,234,264
Restatement	-	-	-	-	-	-
Net Position, July 1- Restated	13,494,323	12,374,445	10,865,484	10,859,819	24,359,807	23,234,264
Net position, June 30	\$ 14,029,209	\$ 13,494,323	\$ 10,870,470	\$ 10,865,484	\$ 24,899,679	\$ 24,359,807

Governmental activities. Governmental activities increased the Town's net position by \$534,886, thereby accounting for 99% of the total increase in the net position of the Town of Beech Mountain. Key element of this increase is as follows:

- Net increase in property taxes and other revenues

Management's Discussion and Analysis (Continued)

Business-type activities. Business-type activities increased the Town of Beech Mountain's net position by \$4,986. Key elements of this increase are as follows:

- Charges for services increased during the year.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Beech Mountain'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 Beech Mountain's financing requirements.

The general fund is the chief operating fund of the Town of Beech Mountain. At the end of the current fiscal year, Town of Beech Mountain's fund balance available in the General fund was \$7,769,430, while total fund balance reached \$8,221,878. The Town currently has an available fund balance of 123.21% of general fund expenditures, while the total balance represents 130.39% of the same amount.

At June 30, 2019, the governmental funds of Town of Beech Mountain reported a combined fund balance of \$8,341,837 with a net increase in fund balance of \$108,854.

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.

Proprietary Funds. The Town of Beech Mountain's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$1,267,487 and \$347,666 for the Sanitation Fund. The total change in net position for the water and sewer fund was an increase of \$17,314 and a decrease of \$12,328 for the Sanitation Fund. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Beech Mountain's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$20,251,164 (net of accumulated depreciation). These assets include buildings, land, vehicles, infrastructure, water and sewer facilities and machinery and equipment.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Vehicle and Garbage Truck for Sanitation
- Equipment and additions to Water and Sewer facilities
- Land for Public Safety
- Vehicles in various departments, including police, fire and recreation
- Machinery and equipment for transportation and recreation departments

Management's Discussion and Analysis (Continued)

The Town of Beech Mountain's Capital Assets
(net of depreciation)
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,035,948	\$ 670,346	\$ 765	\$ 765	\$ 1,036,713	\$ 671,111
Construction in Progress	-	-	-	5,485,231	-	5,485,231
Buildings and Systems	2,201,260	2,295,847	74,484	76,850	2,275,744	2,372,697
Improvements	481,331	505,285	87,734	90,784	569,065	596,069
Machinery and Equipment	596,626	601,755	206,843	208,224	803,469	809,979
Infrastructure	1,133,505	1,111,275	-	-	1,133,505	1,111,275
Vehicles & Motorized Equipment	686,566	722,543	364,923	30,059	1,051,489	752,602
Water Facilities	-	-	10,373,891	4,420,832	10,373,891	4,420,832
Sewer Facilities	-	-	3,007,288	3,222,090	3,007,288	3,222,090
Total	\$ 6,135,236	\$ 5,907,051	\$ 14,115,928	\$ 13,534,835	\$ 20,251,164	\$ 19,441,886

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

Long-term Debt. As of June 30, 2019, the Town of Beech Mountain had total debt outstanding of \$6,333,897. Of this, \$-0- is debt backed by the full faith and credit of the Town of Beech Mountain.

The Town of Beech Mountain's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Installment purchase debt	\$ 180,870	\$ 369,615	\$ 1,168,746	\$ 1,503,300	\$ 1,349,616	\$ 1,872,915
Revenue bonds	-	-	3,693,865	4,193,000	3,693,865	4,193,000
Compensated absences	175,582	182,875	51,579	40,908	227,161	223,783
Pension related debt (LGERS)	710,196	443,817	170,417	160,550	880,613	604,367
Pension related debt (LEO)	182,642	190,621	-	-	182,642	190,621
Total	\$ 1,249,290	\$ 1,186,928	\$ 5,084,607	\$ 5,897,758	\$ 6,333,897	\$ 7,084,686

Town of Beech Mountain Outstanding Debt

The Town of Beech Mountain's total debt decreased by \$750,789 during the fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Beech Mountain is \$43,631,958. The Town of Beech Mountain does not have any authorized but un-issued debt at June 30, 2019.

Management's Discussion and Analysis (Continued)

Additional information regarding the Town of Beech Mountain's long-term debt can be found beginning on page 62 in the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

- The beauty, climate and ski resort of Beech Mountain enhances the thriving tourist industry. Beech Mountain has a permanent population of 350 but swells to approximately 10,000 during peak winter periods and 5,000 during peak summer periods. There are over 2,350 homes. In addition to the Beech Mountain Ski Resort, the Beech Mountain Club offers its members and guests an 18-hole golf course, swimming pool, and tennis courts. The Town of Beech Mountain also offers a sledding hill, tennis courts, playground equipment, a paved walking area, picnic shelter, and an indoor recreation center which opened in the spring of 2006. There are also numerous hiking trails on Beech Mountain.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: Budgeted revenues in the General Fund are expected to increase and budgeted expenditures are expected to decrease. The property tax rate is expected to remain the same.

Business-type Activities. Water and sewer fund revenues are expected to increase as well as water and sewer expenditures. Sanitation fee revenue is expected to increase

Requests for Information

This report is designed to provide an overview of the Town 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 following:

**Finance Officer
Town of Beech Mountain
403 Beech Mountain Parkway
Beech Mountain, NC 28604
(828) 387-4236**

Basic Financial Statements

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Statement of Net Position
June 30, 2019

	Primary Government			Beech Mountain
	Governmental	Business-Type	Total	Tourism Development
	Activities	Activities		Authority
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 8,231,021	\$ 1,548,360	\$ 9,779,381	\$ 326,153
Receivables (net):				
Ad Valorem Taxes	238,189	-	238,189	-
Interest	22,323	-	22,323	-
Accounts	-	267,363	267,363	-
Due from Other Governments	453,280	-	453,280	24,006
Inventories	36,273	-	36,273	-
Restricted Cash and Cash Equivalents	-	234,467	234,467	-
Total Current Assets	8,981,086	2,050,190	11,031,276	350,159
Noncurrent Assets:				
Capital Assets				
Land, Nondepreciable Improvements, and Construction in Progress	1,035,948	765	1,036,713	-
Other Capital Assets, Net of Depreciation	5,099,288	14,115,163	19,214,451	-
Total Noncurrent Assets	6,135,236	14,115,928	20,251,164	-
Total Assets	15,116,322	16,166,118	31,282,440	350,159
DEFERRED OUTFLOWS OF RESOURCES				
Pension Deferrals	582,147	136,347	718,494	-
Total Deferred Outflows of Resources	\$ 582,147	\$ 136,347	\$ 718,494	\$ -

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

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Statement of Net Position (Continued)
June 30, 2019

	Primary Government			Beech Mountain
	Governmental	Business-Type		Tourism Development
	Activities	Activities	Total	Authority
LIABILITIES				
Current Liabilities:				
Accounts Payable and				
Accrued Liabilities	\$ 314,413	\$ 108,487	\$ 422,900	\$ 16,233
Due to Component Unit	24,006	-	24,006	-
Customer Deposits	-	234,467	234,467	-
Prepaid Water Billings	-	-	-	-
Current Portion of Long-Term Liabilities	58,987	281,999	340,986	-
Total Current Liabilities	397,406	624,953	1,022,359	16,233
Long-Term Liabilities:				
Net Pension Liability	710,196	170,417	880,613	-
Total Pension Liability	182,642	-	182,642	-
Due in More Than One year	297,465	4,632,191	4,929,656	-
Total Liabilities	1,587,709	5,427,561	7,015,270	16,233
DEFERRED INFLOWS OF RESOURCES				
Pension Deferrals	41,233	4,434	45,667	-
Prepaid Taxes	40,318	-	40,318	-
Total Deferred Inflows of Resources	81,551	4,434	85,985	-
NET POSITION				
Net Investment in Capital Assets	5,954,366	9,253,317	15,207,683	-
Restricted for:				
Transportation	-	-	-	-
Stabilization by State Statute	452,448	-	452,448	24,006
Employee Benefits	55,425	-	55,425	-
Public Safety	119,959	-	119,959	-
Tourism Promotion	-	-	-	309,920
Unrestricted	7,447,011	1,617,153	9,064,164	-
Total Net Position	\$ 14,029,209	\$ 10,870,470	\$ 24,899,679	\$ 333,926

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

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,804,895	\$ 42,996	\$ -	\$ -
Public Safety	2,042,121	26,049	65,829	-
Transportation	1,469,428	-	149,537	-
Cultural and Recreation	710,955	48,468	-	-
Special Projects	91,493	-	-	-
Interest on long-term debt	38,465	-	-	-
Total Governmental Activities	6,157,357	117,513	215,366	-
Business-Type Activities:				
Water and Sewer	2,480,408	2,296,764	-	-
Sanitation	424,873	405,662	-	-
Total Business-Type Activities	2,905,281	2,702,426	-	-
Total Primary Government	\$ 9,062,638	\$ 2,819,939	\$ 215,366	\$ -
Component Unit:				
Tourism Development Authority	308,239	-	-	-
Total Component Unit	\$ 308,239	\$ -	\$ -	\$ -

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

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Statement of Activities (Continued)
For the Year Ended June 30, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Beech Mountain
	Governmental Activities	Business-Type Activities	Totals	Tourism Development Authority
Primary Government:				
Governmental Activities:				
General Government	\$ (1,761,899)	\$ -	\$ (1,761,899)	\$ -
Public Safety	(1,950,243)	-	(1,950,243)	-
Transportation	(1,319,891)	-	(1,319,891)	-
Cultural and Recreation	(662,487)	-	(662,487)	-
Special Projects	(91,493)	-	(91,493)	-
Interest on long-term debt	(38,465)	-	(38,465)	-
Total Governmental Activities	(5,824,478)	-	(5,824,478)	-
Business-Type Activities:				
Water and Sewer	-	(183,644)	(183,644)	-
Sanitation	-	(19,211)	(19,211)	-
Total Business-Type Activities	-	(202,855)	(202,855)	-
Total Primary Government	(5,824,478)	(202,855)	(6,027,333)	-
Component Unit:				
Tourism Development Authority	-	-	-	(308,239)
Total Component Unit	-	-	-	(308,239)
General Revenues:				
Property Taxes, Levied for General Purpose	4,053,815	-	4,053,815	-
Other Taxes and Licenses	2,067,031	-	2,067,031	421,319
Investment Earnings	163,749	55,713	219,462	45
Miscellaneous	224,769	2,128	226,897	396
Transfers	(150,000)	150,000	-	-
Total General Revenues and Transfers	6,359,364	207,841	6,567,205	421,760
Change in Net Position	534,886	4,986	539,872	113,521
Net Position - Beginning	13,494,323	10,865,484	24,359,807	220,405
Net Position - End of Year	\$ 14,029,209	\$ 10,870,470	\$ 24,899,679	\$ 333,926

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

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds		Total	Total
	General	Emergency	Nonmajor	Governmental
	Fund	Telephone	Funds	Funds
		System		
ASSETS				
Cash and Cash Equivalents	\$ 8,111,894	\$ 112,427	\$ 6,700	\$ 8,231,021
Restricted Cash	-	-	-	-
Receivables (net):				
Ad Valorem Taxes	238,189	-	-	238,189
Inventories	36,273	-	-	36,273
Due from Other Governments	452,448	832	-	453,280
Total Assets	8,838,804	113,259	6,700	8,958,763
LIABILITIES				
Accounts Payable and				
Accrued Liabilities	314,413	-	-	314,413
Due to Component Unit	24,006	-	-	24,006
Total Liabilities	338,419	-	-	338,419
DEFERRED INFLOWS OF RESOURCES				
Property Taxes Receivable	238,189	-	-	238,189
Prepaid Taxes	40,318	-	-	40,318
Total Deferred Inflows of Resources	278,507	-	-	278,507
FUND BALANCES				
Nonspendable				
Inventories	36,273	-	-	36,273
Restricted				
Stabilization by State Statute	452,448	-	-	452,448
Employee Benefits	55,425	-	-	55,425
Public Safety	-	113,259	6,700	119,959
Committed				
Public Safety/Public Safety Building	545,000	-	-	545,000
Watauga Intake	2,150,000	-	-	2,150,000
Shane Park Project	50,000	-	-	50,000
Public Works Building	400,000	-	-	400,000
Lake Coffey Building and Bathrooms	400,000	-	-	400,000
Hill Stabilization at Buckeye Lake	200,000	-	-	200,000
Paving Buckeye Creek Road	500,000	-	-	500,000
Uninsured Claims	100,000	-	-	100,000
Assigned				
Subsequent Year's Expenditures:	296,691	-	-	296,691
Unassigned	3,036,041	-	-	3,036,041
Total Fund Balances	8,221,878	113,259	6,700	8,341,837
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,838,804	\$ 113,259	\$ 6,700	\$ 8,958,763

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

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Balance Sheet (Continued)
Governmental Funds
June 30, 2019

		Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total Governmental Fund Balance		\$ 8,341,837
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	\$ 13,635,998	
Accumulated depreciation	<u>(7,500,762)</u>	6,135,236
Net Pension Asset	-	
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	<u>167,461</u>	167,461
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred		
Accrued interest - taxes	<u>22,323</u>	22,323
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
Ad valorem taxes	<u>238,189</u>	238,189
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment purchases	(180,870)	
Compensated absences	(175,582)	
Total pension liability	(182,642)	
Net pension liability	<u>(710,196)</u>	(1,249,290)
Pension related deferrals		<u>373,453</u>
Net position of governmental activities		<u><u>\$ 14,029,209</u></u>

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

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2019

	Major Funds		Total	Total
	General	Emergency	Nonmajor	Governmental
	Fund	Telephone	Funds	Funds
		System		
Revenues				
Ad Valorem Taxes	\$ 4,004,879	\$ -	\$ -	\$ 4,004,879
Other Taxes and Licenses	78,031	-	-	78,031
Unrestricted Intergovernmental	1,989,000	-	-	1,989,000
Restricted Intergovernmental	154,624	60,742	-	215,366
Permits and Fees	26,049	-	-	26,049
Sales and Services	48,468	-	-	48,468
Investment Earnings	162,245	1,504	-	163,749
Miscellaneous	256,206	-	4,467	260,673
Total Revenues	6,719,502	62,246	4,467	6,786,215
Expenditures				
Current				
General Government	1,768,989	-	-	1,768,989
Public Safety	1,670,881	59,562	1,936	1,732,379
Transportation	1,218,688	-	-	1,218,688
Cultural and Recreation	588,206	-	-	588,206
Special Projects	90,405	-	-	90,405
Debt Service				-
Principal	188,745	-	-	188,745
Interest and Other charges	38,465	-	-	38,465
Capital Outlay				
General Government	28,533	-	-	28,533
Public Safety	502,669	167,358	-	670,027
Transportation	85,415	-	-	85,415
Cultural and Recreation	124,601	-	-	124,601
Total Expenditures	6,305,597	226,920	1,936	6,534,453
Excess (Deficiency) of Revenues				
Over Expenditures	413,905	(164,674)	2,531	251,762
Other Financing Sources (Uses)				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	(150,000)	-	-	(150,000)
Installment Purchase Obligations Issued	-	-	-	-
Sale of Capital Assets	7,092	-	-	7,092
Total Other Financing Sources (Uses)	(142,908)	-	-	(142,908)
Net Change in Fund Balance	270,997	(164,674)	2,531	108,854
Fund Balance - Beginning of Year	7,950,881	277,933	4,169	8,232,983
Fund Balance - End of Year	\$ 8,221,878	\$ 113,259	\$ 6,700	\$ 8,341,837

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

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Governmental Funds

For the Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds		\$ 108,854
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay expenditures which were capitalized	908,576	
Depreciation expense	<u>(680,391)</u>	228,185
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		162,937
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		4,524
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Change in unavailable revenue for tax revenues	43,063	
Interest earned on ad valorem taxes	<u>5,873</u>	48,936
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 effect of these differences in the treatment of long-term debt and related items.		
Debt issuance	-	
Debt retirement	<u>188,745</u>	188,745
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:		
Pension Expense	(214,588)	
Compensated absences	<u>7,293</u>	(207,295)
Total changes in net position of governmental activities		<u>\$ 534,886</u>

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

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
General Fund and Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues				
Ad Valorem Taxes	\$ 4,076,155	\$ 4,102,317	\$ 4,004,879	\$ (97,438)
Other Taxes and Licenses	100,000	100,000	78,031	(21,969)
Unrestricted Intergovernmental	2,168,800	2,168,800	1,989,000	(179,800)
Restricted Intergovernmental	313,000	329,837	154,624	(175,213)
Permits and Fees	38,000	28,000	26,049	(1,951)
Sales and Services	52,000	52,250	48,468	(3,782)
Investment Earnings	39,000	133,000	162,245	29,245
Miscellaneous	219,850	168,657	256,206	87,549
Total Revenues	7,006,805	7,082,861	6,719,502	(363,359)
Expenditures				
General Government	2,331,775	2,217,804	1,797,522	420,282
Public Safety	1,869,774	2,405,235	2,173,550	231,685
Transportation	1,288,220	1,428,607	1,304,103	124,504
Cultural and Recreation	664,057	731,371	712,807	18,564
Special Projects	92,213	95,623	90,405	5,218
Debt Service	262,182	290,211	227,210	63,001
Total Expenditures	6,508,221	7,168,851	6,305,597	863,254
Revenues Over (Under) Expenditures	498,584	(85,990)	413,905	499,895
Other Financing Sources (Uses)				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	(150,000)	(150,000)	(150,000)	-
Sale of Capital Assets	-	7,092	7,092	-
Installment Purchase Obligations Issued	-	-	-	-
Transfer to Fund Balance	(499,500)	(499,500)	-	499,500
Transfer from Reserve	-	-	-	-
Total Other Financing Sources (Uses)	(649,500)	(642,408)	(142,908)	499,500
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(150,916)	(728,398)	270,997	999,395
Appropriated Fund Balance	150,916	728,398	-	(728,398)
Net Change in Fund Balance	\$ -	\$ -	270,997	\$ 270,997
Fund Balance - Beginning of Year			7,950,881	
Fund Balance - End of Year			\$ 8,221,878	

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

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TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
General Fund and Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2019

	Emergency Telephone System Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes and Licenses	-	-	-	-
Unrestricted Intergovernmental	-	-	-	-
Restricted Intergovernmental	79,380	79,380	60,742	(18,638)
Permits and Fees	-	-	-	-
Sales and Services	-	-	-	-
Investment Earnings	750	750	1,504	754
Miscellaneous	-	-	-	-
Total Revenues	80,130	80,130	62,246	(17,884)
Expenditures				
General Government	-	-	-	-
Public Safety	280,130	280,130	226,920	53,210
Transportation	-	-	-	-
Cultural and Recreation	-	-	-	-
Special Projects	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	280,130	280,130	226,920	53,210
Revenues Over (Under) Expenditures	(200,000)	(200,000)	(164,674)	35,326
Other Financing Sources (Uses)				
Transfers from Other Funds	-	-	-	-
Transfers to Other Funds	-	-	-	-
Sale of Capital Assets	-	-	-	-
Installment Purchase Obligations Issued	-	-	-	-
Transfer to Fund Balance	-	-	-	-
Transfer from Reserve	200,000	200,000	-	(200,000)
Total Other Financing Sources (Uses)	200,000	200,000	-	(200,000)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	-	(164,674)	(164,674)
Appropriated Fund Balance	-	-	-	-
Net Change in Fund Balance	\$ -	\$ -	(164,674)	\$ (164,674)
Fund Balance - Beginning of Year			277,933	
Fund Balance - End of Year			\$ 113,259	

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

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Statement of Fund Net Position
Proprietary Fund
June 30, 2019

	Major Enterprise Funds		
	Water and Sewer Fund	Sanitation Fund	Total
ASSETS			
Current Assets			
Cash and Investments	\$ 1,205,032	\$ 343,328	\$ 1,548,360
Restricted Cash and Investments	234,467	-	234,467
Accounts Receivable (net)	228,023	39,340	267,363
Due from Other Governments	-	-	-
Total Current Assets	1,667,522	382,668	2,050,190
Noncurrent Assets			
Capital Assets			
Land, Nondepreciable Improvements, and Construction in Progress	765	-	765
Other Capital Assets, Net of Depreciation	13,825,322	289,841	14,115,163
Total Noncurrent Assets	13,826,087	289,841	14,115,928
Total Assets	15,493,609	672,509	16,166,118
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferrals	75,333	61,014	136,347
Total Deferred Outflows of Resources	\$ 75,333	\$ 61,014	\$ 136,347

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

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Statement of Fund Net Position
Proprietary Fund
June 30, 2019

	Major Enterprise Funds		
	Water and Sewer Fund	Sanitation Fund	Total
LIABILITIES			
Current Liabilities			
Accounts Payable and Accrued Liabilities	\$ 98,828	\$ 9,659	\$ 108,487
Customer Deposits	234,467	-	234,467
Unearned Revenue	-	-	-
Notes Payable	281,999	-	281,999
Total Current Liabilities	615,294	9,659	624,953
Noncurrent Liabilities			
Notes Payable	4,580,612	-	4,580,612
Compensated Absences Payable	43,466	8,113	51,579
Net Pension Liability	94,157	76,260	170,417
Total Noncurrent Liabilities	4,718,235	84,373	4,802,608
Total Liabilities	5,333,529	94,032	5,427,561
DEFERRED INFLOWS OF RESOURCES			
Pension Deferrals	2,450	1,984	4,434
Total Deferred Inflows of Resources	2,450	1,984	4,434
NET POSITION			
Net Investment in Capital Assets	8,963,476	289,841	9,253,317
Unrestricted	1,269,487	347,666	1,617,153
Total Net Position	\$ 10,232,963	\$ 637,507	\$10,870,470

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



TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2019

	Major Enterprise Funds		
	Water and Sewer Fund	Sanitation Fund	Total
Operating Revenues			
Charges for Services	\$ 2,239,784	\$ 359,614	\$ 2,599,398
Water and Sewer Tap Fees	6,000	-	6,000
Availability Fees	21,548	-	21,548
Other Operating Revenues	29,432	46,048	75,480
Total Operating Revenues	2,296,764	405,662	2,702,426
Operating Expenses			
Administration	784,144	-	784,144
Water Treatment and Distribution	692,024	-	692,024
Waste Collection and Treatment	233,010	-	233,010
Taps and Systems Maintenance	109,332	-	109,332
Sanitation	-	370,471	370,471
Depreciation	474,270	54,402	528,672
Total Operating Expenses	2,292,780	424,873	2,717,653
Operating Income (Loss)	3,984	(19,211)	(15,227)
Nonoperating Revenues (Expenses)			
Investment Earnings	48,830	6,883	55,713
Miscellaneous Income	2,128	-	2,128
Interest Expense	(187,628)	-	(187,628)
Total Nonoperating Revenues (Expenses)	(136,670)	6,883	(129,787)
Total Income (Loss) Before Transfers	(132,686)	(12,328)	(145,014)
Transfers from Other Funds	150,000	-	150,000
Change in Net Position	17,314	(12,328)	4,986
Total Net Position - Beginning of Year	10,215,649	649,835	10,865,484
Total Net Position - End of Year	\$ 10,232,963	\$ 637,507	\$ 10,870,470

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

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019

	Major Enterprise Funds		
	Water and Sewer Fund	Sanitation Fund	Total
Cash Flows from Operating Activities			
Cash Received from Customers and Users	\$ 2,262,972	\$ 399,373	\$ 2,662,345
Cash Paid for Goods and Services	(1,169,967)	(118,565)	(1,288,532)
Cash Paid to Employees for Services	(741,538)	(243,554)	(985,092)
Customer Deposits Received	16,900	-	16,900
Customer Deposits Returned	(12,367)	-	(12,367)
Other Revenues	2,128	-	2,128
Net Cash Provided(Used) by Operating Activities	358,128	37,254	395,382
Cash Flows from Noncapital Financing Activities			
Transfers in	150,000	-	150,000
Net Cash Provided(Used) by Noncapital Financing Activities	150,000	-	150,000
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(889,817)	(219,948)	(1,109,765)
Installment Obligation Issued	-	-	-
Interest Paid on Bond Maturities and Equipment Contracts	(187,628)	-	(187,628)
Principal Paid on Bond Maturities and Equipment Contracts	(833,689)	-	(833,689)
Net Cash Provided(Used) by Capital & Related Financing Activities	(1,911,134)	(219,948)	(2,131,082)
Cash Flows from Investing Activities			
Interest on Investments	48,830	6,883	55,713
Net Increase(Decrease) in Cash and Cash Equivalents	(1,354,176)	(175,811)	(1,529,987)
Cash and Cash Equivalents - Beginning of Year	2,793,675	519,139	3,312,814
Cash and Cash Equivalents - End of Year	\$ 1,439,499	\$ 343,328	\$ 1,782,827

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

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Statement of Cash Flows (Continued)
Proprietary Fund
For the Year Ended June 30, 2019

	Major Enterprise Funds		
	Water and Sewer Fund	Sanitation Fund	Total
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income	\$ 3,984	\$ (19,211)	\$ (15,227)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities			
Depreciation	474,270	54,402	528,672
Miscellaneous Income (Expense)	2,128	-	2,128
Changes in Assets and Liabilities			
(Increase) Decrease in Accounts Receivable	(33,792)	(6,289)	(40,081)
(Increase) Decrease in Due From Other Governments	19	-	19
(Increase) Decrease in Prepaid Expenses	2,380	1,556	3,936
(Increase) Decrease in Deferred Outflows of Resources - Pensions	15,992	(29,359)	(13,367)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(92,804)	(667)	(93,471)
Increase (Decrease) in Unearned Revenue	-	-	-
Increase (Decrease) in Customer Deposits	4,533	-	4,533
Increase (Decrease) in Net Pension Liability	(25,067)	34,934	9,867
Increase (Decrease) in Deferred Inflows of Resources - Pensions	(2,549)	251	(2,298)
Increase (Decrease) in Compensated Absences Payable	9,034	1,637	10,671
Total Adjustments	354,144	56,465	410,609
Net Cash Provided(Used) by Operating Activities	\$ 358,128	\$ 37,254	\$ 395,382

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Beech Mountain and its discretely presented component unit 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 Beech Mountain is a municipal corporation that is governed by a five-member council, one of whom is appointed as mayor. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Beech Mountain Tourism Development Authority (Authority)

The members of the Authority's governing board are appointed by the Town. The Authority which has a June 30 year-end is presented as if it were a government fund (discrete presentation). Complete financial statements for the Authority may be obtained from the entity's administrative offices at Beech Mountain Tourism Development Authority, 403 Beech Mountain Parkway, Beech Mountain, NC 28604.

B. Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental* 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Fund Accounting (Continued)

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.

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 public safety and street maintenance and construction.

Emergency Telephone System Special Revenue Fund. This fund is used to account for 911 revenues received by the State 911 Board to enhance the State's 911 system.

The Town reports the following non-major governmental funds:

Special Police Revenue Fund. This fund is used to account for police revenues for special projects.

The Town reports the following major enterprise funds:

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

Sanitation Fund. This fund is used to account for the Town's sanitation operations.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town 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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Sales taxes and certain intergovernmental revenues, such as the utilities franchise 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 of Beech Mountain because the tax is levied by Watauga and Avery 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, the Emergency Telephone Special Revenue Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinance are adopted for the Capital Projects Funds. The enterprise fund capital projects are consolidated with their respective operating fund for reporting purposes. 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 object level for the multi-year funds. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town and the Authority 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 and the Authority's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT – Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT – Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased 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 classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S.136-41.1 through 136-41.4

Town of Beech Mountain Restricted Cash	
Governmental Activities	
General Fund	
Streets	\$ -
Total Governmental Activities	-
Business-type Activities	
Water and Sewer Fund	
Customer Deposits	234,467
Total Business-type Activities	234,467
Total Restricted Cash	\$ 234,467

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, 2018.

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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 gasoline and diesel fuel that are recorded as expenditures as used rather than when purchased.

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$1; buildings, improvements, infrastructure, furniture, equipment, vehicles and motorized equipment, and computer software, \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	20
Buildings	40
Improvements	40
Vehicles	5
Furniture and Equipment	7
Computer Equipment	5
Computer Software	5

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 made in the 2019 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 – property taxes receivable, prepaid taxes and pension deferrals.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Long-Term Obligations

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

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

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 expendable resources.

Prepaid expenses – portion of fund balance that is not an available resource because it represents prepaid items, which are not spendable resources.

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

Restricted for Stabilization by State Statute – 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 nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Assets/Fund Balances (Continued)

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 the total unexpended Powell Bill funds.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for certain emergency telephone system expenditures.

Restricted for Employee Benefits – portion of fund balance that is restricted by revenue source for certain future employee benefits.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Beech Mountain'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 similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Public Safety - portion of fund balance committed by the Board to cover public safety expenditures for the Town in the amount of \$545,000.

Committed for Watauga Intake - Beech Mountain is in need of an additional water source and the projected cost is \$16 million. Each year the Town will increase the portion of fund balance dedicated to this purpose. The Town set aside \$2,150,000.

Committed for Shane Outpost Park – This project is expected to cost \$900,000 and the Town is setting aside this portion of the fund balance as a match for grants in the amount of \$50,000.

Committed for Public Works Building – In continued planning for infrastructure the Town has dedicated this amount to a project that will cost between \$1.5 and \$1.9 million. The Town set aside funds totaling \$400,000.

Committed for Lake Coffey Building – This building will be replaced by a new facility and the current level of dedication is expected to increase until the facility is constructed. The Town set aside funds in the amount of \$400,000.

Committed for Hill Stabilization at Buckeye – The Town is studying the soil in this area and this amount is set-aside for future construction. It is anticipated that this amount will be increased until the project is constructed. The Town set aside funds in the amount of \$200,000.

Committed for Paving Buckeye Creek Road – portion of fund balance set aside to cover the paving of Buckeye Creek Road in the amount of \$500,000.

Committed for Uninsured Claims – portion of fund balance that is set aside to cover uninsured claims of employees in the amount of \$100,000.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Assets/Fund Balances (Continued)

Assigned Fund Balance – portion of fund balance that Town of Beech Mountain intends to use for specific purposes.

Subsequent year's expenditures – 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 appropriation by resource or appropriation within funds up to 10% of the departmental appropriation.

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

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

The Town of Beech Mountain 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 available fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of the general fund balance in excess of 10% 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 Beech Mountain's employer contributions are recognized when due and the Town of Beech Mountain has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

II. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town and the Authority 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 or the Authority's agents in these units' names. 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 and the Authority, these deposits are considered to be held by the Town's and the Authority's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, the Authority, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and the Authority under the Pooling Method, the potential exists for under-collateralization, and 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. The Authority has no formal policy regarding custodial credit risk for deposits.

At June 30, 2019, the Town's deposits had a carrying amount of \$1,237,553 and a bank balance of \$1,296,161. Of the bank balance, \$603,765 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

At June 30, 2019, the Town's petty cash fund totaled \$150.

At June 30, 2019, the Authority's deposits had a carrying amount of \$323,978 and a bank balance of \$326,044. All of the bank balance was covered by federal depository insurance.

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

2. Investments

At June 30, 2019, the Town's investments consisted of the following:

Investment Type	Valuation Measurement Method	Fair Value	Maturity	Rating
NC Capital Management Trust – Term Portfolio	Fair Value- Level 1	\$ 5,374,111	.11 years	Unrated
NC Capital Management Trust – Government Portfolio	Fair Value- Level 1	3,402,034	N/A	AAAm
Total		<u>\$ 8,776,145</u>		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt Securities valued using the directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. The Town does not have a formal investment policy regarding interest rate risk.

Credit Risk. The Town has no formal policy regarding credit risk but has internal management procedures that limit the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust's Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2019. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

At June 30, 2019, the Authority had \$2,175 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The Authority has no formal policy regarding credit risk of its investments.

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

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, 2019 are net of the following allowances for doubtful accounts:

Fund	06/30/2019
General Fund:	
Taxes receivable	\$ 26,500
Total General Fund	26,500
Enterprise Fund:	
Utilities receivable	29,700
Total Enterprise Fund	29,700
Total	\$ 56,200

4. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 670,346	\$ 365,602	\$ -	\$ 1,035,948
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	670,346	365,602	-	1,035,948
Capital assets being depreciated:				
Buildings	3,791,916	-	-	3,791,916
Other Improvements	906,624	-	-	906,624
Equipment	3,255,101	288,925	112,543	3,431,483
Vehicles and Motorized Equipment	2,481,112	161,763	119,501	2,523,374
Infrastructure	1,854,367	92,286	-	1,946,653
Total capital assets being depreciated	12,289,120	542,974	232,044	12,600,050
Less accumulated depreciation for:				
Buildings	1,496,069	94,587	-	1,590,656
Other Improvements	401,339	23,954	-	425,293
Equipment	2,653,346	294,054	112,543	2,834,857
Vehicles and Motorized Equipment	1,758,569	197,740	119,501	1,836,808
Infrastructure	743,092	70,056	-	813,148
Total accumulated depreciation	7,052,415	680,391	232,044	7,500,762
Total capital assets being depreciated, net	5,236,705			5,099,288
Governmental activity capital assets, net	\$ 5,907,051			\$ 6,135,236

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

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

General Government	\$ 33,853
Public Safety	285,787
Cultural and Recreational	119,060
Transportation	241,691
Total	\$ 680,391

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<i>Sanitation Fund</i>				
Capital assets being depreciated:				
Land Improvements	122,888	-	-	122,888
Equipment	28,879	12,560	7,230	34,209
Vehicles	454,351	207,388	-	661,739
Total capital assets being depreciated	606,118	219,948	7,230	818,836
Less accumulated depreciation for:				
Land Improvements	32,104	3,050	-	35,154
Equipment	25,427	2,614	7,230	20,811
Vehicles	424,292	48,738	-	473,030
Total accumulated depreciation	481,823	54,402	7,230	528,995
Total capital assets being depreciated, net	124,295			289,841
Sanitation fund capital assets, net	\$ 124,295			\$ 289,841

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
<i>Water and Sewer Fund</i>				
Capital assets not being depreciated:				
Land	\$ 765	\$ -	\$ -	765
Construction in Progress	5,485,231	-	5,485,231	-
Total capital assets not being depreciated	5,485,996	-	5,485,231	765
Capital assets being depreciated:				
Buildings and land improvements	95,712	-	-	95,712
Water facilities	8,281,851	6,126,573	-	14,408,424
Sewer facilities	6,326,289	-	-	6,326,289
Furniture and equipment	252,775	60,890	-	313,665
Vehicles	161,134	187,585	-	348,719
Total capital assets being depreciated	15,117,761	6,375,048	-	21,492,809
Less accumulated depreciation for:				
Buildings and land improvements	18,862	2,366	-	21,228
Water facilities	3,861,019	173,514	-	4,034,533
Sewer facilities	3,104,199	214,802	-	3,319,001
Furniture and equipment	48,003	72,217	-	120,220
Vehicles	161,134	11,371	-	172,505
Total accumulated depreciation	7,193,217	474,270	-	7,667,487
Total capital assets being depreciated, net	7,924,544			13,825,322
Water and Sewer fund capital assets, net	\$ 13,410,540			\$ 13,826,087
Business-type activities capital assets, net	<u>\$ 13,534,835</u>			<u>\$ 14,115,928</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Beech Mountain is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government 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 serves as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Beech Mountain employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Town of Beech Mountain's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Beech Mountain were \$202,035 for the year ended June 30, 2019.

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.

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

At June 30, 2019, the Town reported a liability of \$880,613 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018 (measurement date), the Town's proportion was 0.03712%, which was a decrease of 0.00244% from its proportion measured as of June 30, 2017.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

For the year ended June 30, 2019, the Town recognized pension expense of \$240,875. At June 30, 2019, 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	\$ 135,858	\$ 4,559
Changes of assumptions	233,681	-
Net difference between projected and actual earnings on pension plan investments	120,882	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	12,101	18,351
Town contributions subsequent to the measurement date	202,035	-
Total	<u>\$ 704,557</u>	<u>\$ 22,910</u>

\$202,035 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2020	\$ 234,179
2021	154,066
2022	25,238
2023	66,129
2024	-
Thereafter	-
	<u>\$ 479,612</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2017 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, 2017 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, 2018 are summarized in the following table:

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 2,115,310	\$ 880,613	\$ (151,118)

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

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Beech Mountain 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 .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 law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2017 the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	1
Active plan members	9
Total	<u>10</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.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount Rate	3.64 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, 2017.

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 \$4,524 as benefits came due for the reporting period.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

4. Contributions (Continued)

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

At June 30, 2019, the Town reported a total pension liability of \$182,642. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$13,976.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 13,847
Changes of assumptions	9,413	8,910
Town benefit payments and plan administrative expense subsequent to the measurement date	4,524	-
Total	<u>\$ 13,937</u>	<u>\$ 22,757</u>

\$4,524 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2020	\$ (2,628)
2021	(2,628)
2022	(2,628)
2023	(2,171)
2024	(3,126)
Thereafter	(163)
	<u>\$ (13,344)</u>

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

4. Contributions (Continued)

\$4,524 paid as benefits came due and \$-0- of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Town's total pension liability to changes in the discount rate.
The following presents the Town's total pension liability calculated using the discount rate of 3.64 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 (2.64%) or 1-percentage-point higher (4.64%) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total Pension Liability	\$ 199,378	\$ 182,642	\$ 167,247

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

	2019
Beginning balance	\$ 190,621
Service Cost	10,502
Interest on the total pension liability	5,952
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(12,046)
Changes of assumptions or other inputs	(7,863)
Benefit payments	(4,524)
Other changes	-
Ending balance of the total pension liability	\$ 182,642

The plan currently uses mortality tables that vary by age, 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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 240,875	\$ 13,976	\$ 254,851
Pension Liability	880,613	182,642	1,063,255
Proportionate share of the net pension liability	0.03712%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	135,858	-	135,858
Changes of assumptions	233,681	9,413	243,094
Net difference between projected and actual earnings on plan investments	120,882	-	120,882
Changes in proportion and differences between contributions and proportionate share of contributions	12,101	-	12,101
Benefit payments and administrative costs paid subsequent to the measurement date	202,035	4,524	206,559
Deferred Inflows of Resources			
Differences between expected and actual experience	4,559	13,847	18,406
Changes of assumptions	-	8,910	8,910
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	18,351	-	18,351

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$33,677 which consisted of \$24,019 from the Town and \$9,658 from the law enforcement officers. No amounts were forfeited.

The Town has also elected for all employees not engaged in law enforcement to be covered under the Supplemental Retirement Income Plan. The Town contributes six percent of the employee's monthly compensation to the plan, and the employees may make voluntary contributions. Total contributions for the year ended June 30, 2019 were \$124,369, which consisted of \$63,678 from the Town and \$60,691 from the employees.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

2. Other Employment Benefit

The Town has elected to provide death benefits to Law Enforcement 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 Law Enforcement 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 Law Enforcement 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. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$	202,035
Benefit payments made and administrative expenses for LEOSSA		4,524
Differences between expected and actual experience		135,858
Changes of assumptions		243,094
Net difference between projected and actual		120,882
Changes in proportion and differences between employer contributions and proportionate share of contributions		12,101
Charge on refunding		-
Total	\$	<u>718,494</u>

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

3. Deferred Outflows and Inflows of Resources (Continued)

Deferred inflows of resources at year-end is composed of the following:

	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ 40,318	\$ 40,318
Taxes Receivable (General Fund)	-	238,189
Changes in assumptions	8,910	-
Difference between expected and actual experience	18,406	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,351	-
Total	<u>\$ 85,985</u>	<u>\$ 278,507</u>

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 totaled insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by Town Council each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Town Council can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the 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 has no flood insurance due to lack of feasibility.

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 finance officer and tax collector are each individually bonded for \$220,000 and \$50,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

5. Claims, Judgements and Contingent Liabilities

At June 30, 2019, the Town did not have any litigation pending.

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations

a. Installment Purchases

On March 10, 2004, the Town entered into an installment purchase contract to finance the construction of the Indoor Rec Center and is serviced by the General Fund. The financing contract requires 15 annual principal payments of \$131,022 plus interest at 3.99%, beginning on March 10, 2005. This debt was paid off during the current year.

The Town has also entered into three promissory notes to finance the construction of three separate sewer projects. The proceeds of these loans were made available by the U.S. Environment Protection Agency, and the loans are administered by the N.C. Department of Environment, Health, and Natural Resources. The first note requires annual principal payments of \$11,250 plus interest at a rate of 3.37 percent. The second note requires annual principal payments of \$18,575 plus interest at a rate of 2.95 percent. The third note requires annual principal payments of \$102,450 plus interest at a rate of 2.265 percent. The outstanding principal balance at June 30, 2019 was \$896,421.

On October 2, 2008, the Town entered into an installment purchase contract with BB&T to finance the construction of new water mains for the Town. The financing service contract is being service by the Water and Sewer Fund and requires annual principal and interest payments \$120,073, with an interest rate of 3.71 percent. This debt was paid off during the current year.

On April 15, 2011, the Town entered into an installment purchase contract with BB&T to purchase radio read water meters. The financing service contract is being serviced by the Water and Sewer Fund and requires semi-annual principal and interest payments \$55,634, with an interest rate of 3.11 percent. The outstanding principal balance at June 30, 2019 was \$214,146.

On May 25, 2017, the Town entered into an installment purchase contract with BB&T to purchase a motor grader and maintenance equipment. The financing service contract is being serviced by the Water and Sewer Fund and the General Fund and requires annual principal and interest payments of \$83,199, with an interest rate of 2.19 percent. The total outstanding principal balance at June 30, 2019 was \$239,049.

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

a. Installment Purchases (Continued)

The future minimum payments of installment purchases as of June 30, 2019 are as follows:

Year Ending June 30	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 58,987	\$ 3,961	\$ 223,999	\$ 27,425
2021	60,263	2,669	227,718	21,450
2022	61,582	1,349	119,414	16,226
2023	-	-	99,602	13,536
2024	-	-	96,602	11,280
2025-2029	-	-	398,411	22,559
Total	\$ 180,870	\$ 7,979	\$ 1,168,746	\$ 112,476

b. Revenue Bond

\$4,300,000 Water and Sewer Revenue Bonds, Series 2017, issued for water and sewer system improvements. Principal installments are due annually on June 1st and their annual interest rate is 3.375%.

The future payments of the revenue bonds are as follows:

Year Ending June 30	Principal	Interest
2020	\$ 58,000	\$ 139,624
2021	60,000	137,666
2022	62,000	135,641
2023	64,000	133,549
2024	66,000	131,389
2025-2029	365,000	621,979
2030-2034	431,000	556,065
2035-2039	509,000	478,305
2040-2044	600,000	386,438
2045-2049	710,000	277,965
2050-2054	768,865	149,815
2055-2059	-	-
2060-2064	-	-
Total	\$ 3,693,865	\$ 3,148,436

At June 30, 2019, the Town of Beech Mountain had a legal debt margin of \$43,631,958.

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

II. DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

6. Long-Term Obligations (Continued)

c. Changes in Long-Term Liabilities

	Balance 07/01/18	Increases	Decrease	Balance 06/30/19	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 369,615	\$ -	\$ 188,745	\$ 180,870	\$ 58,987
Net pension liability (LGRS)	443,817	266,379	-	710,196	-
Total pension liability (LEO)	190,621	-	7,979	182,642	-
Compensated absences	182,875	-	7,293	175,582	-
Governmental activity long-term liabilities	<u>\$ 1,186,928</u>	<u>\$ 266,379</u>	<u>\$ 204,017</u>	<u>\$ 1,249,290</u>	<u>\$ 58,987</u>
Business-type activities:					
Installment purchases	\$ 1,503,300	\$ -	\$ 334,554	\$ 1,168,746	\$ 223,999
Revenue bonds	4,193,000	-	499,135	3,693,865	58,000
Net Pension Liability (LGRS)	160,550	9,867	-	170,417	-
Compensated absences	40,908	10,671	-	51,579	-
Business-type activity long-term liabilities	<u>\$ 5,897,758</u>	<u>\$ 20,538</u>	<u>\$ 833,689</u>	<u>\$ 5,084,607</u>	<u>\$ 281,999</u>

C. Net Investment in Capital Assets

	Governmental	Business-type
Capital Assets	\$ 6,135,236	\$ 14,115,928
less: long-term debt	180,870	4,862,611
Add: unexpended debt proceeds	-	-
Net Investment in Capital Assets	<u>\$ 5,954,366</u>	<u>\$ 9,253,317</u>

D. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2019, consist of the following:

From the General Fund to the Water and Sewer Fund	\$ 150,000
Total	<u>\$ 150,000</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2019

II. 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:

<i>Total fund balance – General Fund</i>	\$	8,221,878
Less:		
Stabilization by State Statute		452,448
Inventories		36,273
Employee Benefits		55,425
Streets		-
Uninsured claims		100,000
Public safety		545,000
Paving of Buckeye Creek Road		500,000
Watauga intake		2,150,000
Shane Park project		50,000
Lake Coffey building and bathrooms		400,000
Hill stabilization at Buckeye Lake		200,000
Public works building		400,000
Appropriated Fund Balance in 2019-2020 budget		296,691
Remaining Fund Balance		3,036,041

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 10% of budgeted expenditures.

III. RELATED PARTY TRANSACTIONS AND COMMITMENTS

On July 9, 1996, the Town entered into a contractual agreement with the Beech Mountain Volunteer Fire Department which expresses the intent of the Town to support the Fire Department financially in return for adequate fire protection for all property located within the Beech Mountain Fire District. The agreement requires the Town to pay at least \$25,210 to the Fire Department annually as of January 1 each year beginning with 1997 and ending in the year 2005. The agreement is automatically renewable each year unless terminated in writing by either party. During the year ended June 30, 2019, the Town paid \$26,000 to the Fire Department in accordance with the terms of this agreement.

The Town entered into an agreement with the Beech Mountain Volunteer Fire Department in October 2014 to provide fire and emergency services within the corporate limits of the Town beginning July 1, 2014 and ending June 30, 2019. The Town did not assume responsibility for the obligations of the outstanding loans; however, paid \$63,000 to the Beech Mountain Volunteer Fire Department to pay principal and interest.

IV. 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 moneys 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.

V. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 1, 2019, which is the date the financial statements were available to be issued.

Required Supplementary

Financial Data

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Six Fiscal Years*

	Local Government Employees' Retirement System					
	2019	2018	2017	2016	2015	2014
Beech Mountain's proportion of the net pension liability (asset) (%)	0.03712%	0.03956%	0.03800%	0.03454%	0.03713%	0.03830%
Beech Mountain's proportion of the net pension liability (asset) (\$)	\$ 880,613	\$ 604,367	\$ 806,487	\$ 155,018	\$ (218,973)	\$ 461,662
Beech Mountain's covered-employee payroll	\$ 2,308,645	\$ 2,432,357	\$ 2,436,264	\$ 2,436,264	\$ 2,140,659	\$ 2,010,980
Beech Mountain's proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	38.14%	24.85%	33.10%	6.36%	(10.23%)	22.96%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA

Town of Beech Mountain's Contributions

Required Supplementary Information

Last Six Fiscal Years

Local Government Employees' Retirement System						
	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 202,035	\$ 177,308	\$ 176,758	\$ 154,696	\$ 153,802	\$ 142,896
Contributions in relation to the contractually required contribution	202,035	177,308	176,758	154,696	153,802	142,896
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Beech Mountain's covered employee payroll	\$ 2,563,363	\$ 2,308,645	\$ 2,432,357	\$ 2,436,264	\$ 2,140,659	\$ 2,010,980
Contributions as a percentage of covered-employee payroll	7.88%	7.68%	7.27%	6.35%	7.18%	7.11%

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
June 30, 2019

Law Enforcement Officers' Special Separation Allowance			
	2019	2018	2017
Beginning balance	\$ 190,621	\$ 168,068	\$ 155,826
Service cost	10,502	11,086	11,129
Interest on the total pension liability	5,952	6,424	5,563
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(12,046)	(5,634)	-
Changes of assumptions or other inputs	(7,863)	13,983	(4,450)
Benefit payments	(4,524)	(3,306)	-
Other changes	-	-	-
Ending balance of the total pension liability	\$ 182,642	\$ 190,621	\$ 168,068

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

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Schedule of Total Pension Liability as a Percentage of Covered Payroll
June 30, 2019

Law Enforcement Officers' Special Separation Allowance			
	2019	2018	2017
Total pension liability	\$ 182,642	\$ 190,621	\$ 168,068
Covered payroll	432,234	455,944	436,781
Total pension liability as a percentage of covered payroll	<u>42.26%</u>	<u>41.81%</u>	<u>38.48%</u>

Notes to the schedules:

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



Major Governmental Funds

General Fund

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad Valorem Taxes			
Taxes		\$ 3,792,657	
Penalties and Interest		212,222	
Total Ad Valorem Taxes	\$ 4,102,317	4,004,879	\$ (97,438)
Other Taxes and Licenses			
Fire District		78,031	
Total Other Taxes and Licenses	100,000	78,031	(21,969)
Unrestricted Intergovernmental			
Local Option Sales Tax		1,661,506	
Utility Sales Tax		296,526	
Video Franchise Tax		29,512	
Beer and Wine Tax		1,456	
Total Unrestricted Intergovernmental	2,168,800	1,989,000	(179,800)
Restricted Intergovernmental			
Powell Bill Allocation		112,058	
Grants		42,566	
Total Restricted Intergovernmental	329,837	154,624	(175,213)
Permits and Fees			
Inspection Fees		22,889	
Planning and Zoning Fees		3,160	
Total Permits and Fees	28,000	26,049	(1,951)
Sales and Service			
Recreation Department Fees		48,468	
Total Sales and Service	52,250	48,468	(3,782)
Investment Earnings			
General		162,245	
Total Investment Earnings	133,000	162,245	29,245
Miscellaneous			
Other		256,206	
Total Miscellaneous	168,657	256,206	87,549
Total Revenues	7,082,861	6,719,502	(363,359)

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
General Government			
Administration			
Salaries and Employee Benefits		250,752	
Other Expenditures		1,476,023	
Capital Outlay		28,533	
Total Administration	2,175,256	1,755,308	419,948
Tax Collection			
Salaries and Employee Benefits		35,156	
Other Expenditures		7,058	
Total Tax Collection	42,548	42,214	334
Total General Government	2,217,804	1,797,522	420,282
Public Safety			
Police Department			
Salaries and Employee Benefits		953,671	
Other Expenditures		114,958	
Capital Outlay		225,703	
Total Police	1,342,161	1,294,332	47,829
Fire Department			
Salaries and Employee Benefits		96,651	
Other Expenditures		235,501	
Capital Outlay		276,966	
Total Fire Department	576,555	609,118	(32,563)
Inspections			
Salaries and Employee Benefits		96,775	
Other Expenditures		11,401	
Total Inspections	112,185	108,176	4,009
Planning			
Salaries and Employee Benefits		137,260	
Other Expenditures		24,664	
Total Planning	374,334	161,924	212,410
Total Public Safety	2,405,235	2,173,550	231,685

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Transportation			
Vehicle Maintenance			
Salaries and Employee Benefits		140,774	
Other Expenditures		(3,877)	
Capital Outlay		7,495	
Total Vehicle Maintenance	187,852	144,392	43,460
Road Maintenance			
Salaries and Employee Benefits		569,224	
Other Expenditures		512,567	
Capital Outlay		77,920	
Total Road Maintenance	1,240,755	1,159,711	81,044
Total Transportation	1,428,607	1,304,103	124,504
Cultural and Recreation			
Recreation			
Salaries and Employee Benefits		359,325	
Other Expenditures		228,881	
Capital Outlay		124,601	
Total Cultural and Recreation	731,371	712,807	18,564
Special Projects			
Salaries and Employee Benefits		89,477	
Other Expenditures		928	
Total Special Projects	95,623	90,405	5,218
Debt Service			
Principal Retirement		188,745	
Interest and Other Charges		38,465	
Total Debt Service	290,211	227,210	63,001
Total Expenditures	7,168,851	6,305,597	863,254

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance (Continued)

Budget and Actual

For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(85,990)	413,905	499,895
Other Financing Sources (Uses)			
Transfers In:			
Water and Sewer Fund	-	-	-
Transfers Out:			
Water and Sewer Fund	(649,500)	(150,000)	499,500
Sale of Capital Assets	7,092	7,092	-
Installment Purchase Obligations Issued	-	-	-
Total Other Financing Sources (Uses)	(642,408)	(142,908)	499,500
Fund Balance Appropriated	728,398	-	(728,398)
Net Change in Fund Balance	\$ -	270,997	\$ 270,997
Fund Balance - Beginning of Year		7,950,881	
Fund Balance - End of Year		\$ 8,221,878	



Major Governmental Funds

Special Revenue Fund

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Emergency Telephone System Fund
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Restricted Intergovernmental		\$ 60,742	
Investment Earnings		1,504	
Total Revenues	\$ 80,130	62,246	\$ (17,884)
Expenditures			
Operating		59,562	
Capital Outlay		167,358	
Total Expenditures	280,130	226,920	53,210
Appropriated Fund Balance	200,000	-	(200,000)
Net Change in Fund Balance	\$ -	(164,674)	\$ (164,674)
Fund Balance - Beginning of Year		277,933	
Fund Balance - End of Year		\$ 113,259	

Nonmajor Governmental Funds

TOWN OF BEECH MOUNTAIN, NORTH CAROLINAStatement of Revenues, Expenditures, and Changes in Fund Balance
Budget and ActualNonmajor Special Revenue Fund - Special Police Revenue Fund
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Miscellaneous			
Other	\$ 3,500	\$ 4,467	\$ 967
Expenditures			
Other		1,936	
Total Expenditures	3,500	1,936	1,564
Appropriated Fund Balance	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	2,531	<u>\$ 2,531</u>
Fund Balance - Beginning of Year		4,169	
Fund Balance - End of Year		<u>\$ 6,700</u>	

Enterprise Funds

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA

Water and Sewer Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues			
Charges for Services	\$ 2,209,129	\$ 2,239,784	\$ 30,655
Availability Fee	25,000	21,548	(3,452)
Water and Sewer Tap Fees	7,500	6,000	(1,500)
Miscellaneous	33,956	29,432	(4,524)
Total Operating Revenues	2,275,585	2,296,764	21,179
Nonoperating Revenues			
Interest Earnings	36,482	36,482	-
Total Revenues	2,312,067	2,333,246	21,179
Expenditures			
Water and Sewer Administration			
Salaries and Employee Benefits		362,094	
Other Expenditures		425,239	
Total Water and Sewer Administration	801,997	787,333	14,664
Water Treatment			
Salaries and Employee Benefits		211,821	
Other Expenditures		479,980	
Total Water Treatment	707,779	691,801	15,978
Waste Collection and Treatment			
Salaries and Employee Benefits		112,743	
Other Expenditures		120,049	
Total Waste Collection and Treatment	248,720	232,792	15,928
Tap and System Maintenance			
Salaries and Employee Benefits		54,880	
Other Expenditures		54,294	
Total Tap and System Maintenance	110,864	109,174	1,690
Debt Service			
Principal Retirement		833,689	
Interest and Other Charges		187,628	
Total Debt Service	1,027,542	1,021,317	6,225
Capital Outlay			
Water Treatment	644,400	641,342	3,058
Waste Collection and Treatment	60,890	60,890	-
Tap and System Maintenance	188,109	187,585	524
Total Capital Outlay	893,399	889,817	3,582
Total Expenditures	3,790,301	3,732,234	58,067

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Water and Sewer Fund
Schedule of Revenues and Expenditures (Continued)
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues Over (Under) Expenditures	(1,478,234)	(1,398,988)	79,246
Other Financing Sources (Uses)			
Sale of Assets	1,943	2,128	185
Transfers In:			
General Fund	150,000	150,000	-
Water and Sewer Capital Project Fund	-	-	-
Transfer Out:			
Water and Sewer Capital Project Fund	-	-	-
Total Other Financing Sources (Uses)	151,943	152,128	185
Appropriated Fund Balance	1,326,291	-	(1,326,291)
Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ (1,246,860)	\$ (1,246,860)

**Reconciliation from Budgetary Basis
(Modified Accrual) to Full Accrual:**

Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ (1,246,860)</u>
Reconciling Items:	
Depreciation Expense	(474,270)
Capital Outlay	889,817
Principal Retirement	833,689
(Increase) Decrease in Accrued Vacation	(9,034)
(Increase) Decrease in Net Pension Liability	25,067
Increase (Decrease) in Deferred Outflows of Resources - Pensions	(15,992)
(Increase) Decrease in Deferred Inflows of Resources - Pensions	2,549
Water and Sewer Capital Project Fund Interest Earned	12,348
Total Reconciling Items	<u>1,264,174</u>
Change in Net Position	<u><u>\$ 17,314</u></u>

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Sanitation Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues			
Charges for Services	\$ 351,423	\$ 359,614	\$ 8,191
Solid Waste Disposal Tax	170	171	1
Recycling Revenues	38,500	45,877	7,377
Total Operating Revenues	390,093	405,662	15,569
Nonoperating Revenues			
Interest Earnings	4,800	6,883	2,083
Total Revenues	394,893	412,545	17,652
Expenditures			
Sanitation			
Salaries and Employee Benefits		243,554	
Other Expenditures		119,454	
Capital Outlay		219,948	
Total Sanitation	636,247	582,956	53,291
Total Expenditures	636,247	582,956	53,291
Revenues Over (Under) Expenditures	(241,354)	(170,411)	70,943
Other Financing Sources (Uses)			
Installment Purchase Obligation Issued	-	-	-
Transfers In:			
General Fund	-	-	-
Water and Sewer Fund	-	-	-
Transfer Out:			
Water and Sewer Fund	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Appropriated Fund Balance	241,354	-	(241,354)
Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ (170,411)	\$ (170,411)

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Sanitation Fund
Schedule of Revenues and Expenditures (Continued)
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and Other Sources Over Expenditures and Other Uses		<u>\$ (170,411)</u>	
Reconciling Items:			
Depreciation Expense		(54,402)	
Capital Outlay		219,948	
(Increase) Decrease in Accrued Vacation		(1,637)	
(Increase) Decrease in Net Pension Liability		(34,934)	
Increase (Decrease) in Deferred Outflows of Resources - Pensions		29,359	
(Increase) Decrease in Deferred Inflows of Resources - Pensions		<u>(251)</u>	
Total Reconciling Items		<u>158,083</u>	
Change in Net Position		<u><u>\$ (12,328)</u></u>	

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Water and Sewer Capital Projects Fund - Water Treatment Plant
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2019

		Actual			
	Project	Prior	Current	Total	Variance
	Authorization	Years	Year	to	Positive
				Date	(Negative)
Revenues					
Investment Earnings	\$ -	\$ 23,782	\$ 12,348	\$ 36,130	\$ 36,130
Miscellaneous	-	10,863	-	10,863	10,863
Total Revenues	-	34,645	12,348	46,993	46,993
Expenditures					
Construction Costs	6,175,000	5,485,231	-	5,485,231	689,769
Total Expenditures	6,175,000	5,485,231	-	5,485,231	689,769
Revenues under Expenditures	(6,175,000)	(5,450,586)	12,348	(5,438,238)	736,762
Other Financing Sources (Uses)					
Loan Proceeds	4,300,000	4,300,000	-	4,300,000	-
Transfers from other funds:					
General Fund	1,400,000	1,400,000	-	1,400,000	-
Water and Sewer Fund	475,000	320,000	-	320,000	(155,000)
Total Other Financing Sources (Uses)	6,175,000	6,020,000	-	6,020,000	(155,000)
Revenues and Other Sources over (under) Expenditures	\$ -	\$ 569,414	12,348	\$ 581,762	\$ 581,762

Other Schedules

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

Fiscal Year	Uncollected Balance 7-1-18	Additions and Adjustments	Collections and Credits	Uncollected Balance 6-30-19
2018-19	\$ -	\$ 3,855,702	\$ 3,736,337	\$ 119,365
2017-18	96,563	-	40,527	56,036
2016-17	32,128	-	4,783	27,345
2015-16	28,683	-	3,188	25,495
2014-15	19,238	-	5,030	14,208
2013-14	9,258	-	502	8,756
2012-13	5,620	-	433	5,187
2011-12	5,856	-	1,599	4,257
2010-11	2,386	-	-	2,386
2009-10	1,784	-	130	1,654
2008-09	1,084	-	1,084	-
	<u>\$ 202,600</u>	<u>\$ 3,855,702</u>	<u>\$ 3,793,613</u>	264,689

Less: Allowance for Uncollectible Accounts:

General Fund 26,500

Ad Valorem Taxes Receivable - Net \$ 238,189

Reconcilement with Revenues

Ad Valorem Taxes - General Fund 4,004,879

Reconciling Items:

Interest and Penalties Collected (212,222)

Taxes Released -

Taxes Written Off 956

Total Collections and Credits \$ 3,793,613

June 30, 2019

Page 126 of 171



COMPLIANCE SECTION

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Beech Mountain, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of Beech Mountain, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprises the Town of Beech Mountain's basic financial statements, and have issued our report thereon dated October 1, 2019. The financial statements of the Beech Mountain Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Beech Mountain's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Beech Mountain's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

W Greene, PLLC

Whiteville, North Carolina
October 1, 2019

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Schedule of Findings and Responses
For the Fiscal Year Ended June 30, 2019

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(s)

_____ Yes X ^{None}
Reported

Noncompliance material to financial statements noted?

_____ Yes X No

TOWN OF BEECH MOUNTAIN, NORTH CAROLINA
Schedule of Findings and Responses (Continued)
For the Fiscal Year Ended June 30, 2019

SECTION II. FINANCIAL STATEMENT FINDINGS

None Reported

Town of Beech Mountain

Town Council:

Renee Castiglione Mayor
Barry Kaufman, Vice Mayor
Carl Marquardt
Weidner Abernethy
Wendel Sauer

Town Manager:

Tim Holloman MPA, ICMA

Town Attorney:

Stacy C. Eggers, IV, Attorney



403 Beech Mountain Parkway
Beech Mountain, NC 28604
P: (828) 387-4236
F: (828) 387-4862

www.townofbeechmountain.com

Town of Beech Mountain
Corrective Action Plan
For the Year Ended June 30, 2019

SECTION II. FINANCIAL STATEMENT FINDINGS

None Reported.



REPORT

TO: Town Council
FROM: Steve Smith
DATE: February 11, 2020
SUBJECT: FY 2020 Financial Reports

ATTACHED FOR YOUR CONSIDERATION:

Monthly Finance Report July - December 2019
Budget Summary Report as of December 31st, 2019

STAFF RECOMMENDATION:

Review

SIGNATURES:

Town Manager

Town Clerk

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TOWN OF BEECH MOUNTAIN
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: DECEMBER 31ST, 2019

PAGE: 1

10 -General Fund
FINANCIAL SUMMARY

	CURRENT BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
<u>REVENUE SUMMARY</u>							
Tax Revenue	3,991,757.00	1,147,228.16	0.00	3,221,617.84	0.00	770,139.16	80.71
Interest Income	139,190.00	10,197.00	0.00	71,771.24	0.00	67,418.76	51.56
Miscellaneous Income	888,031.00	47,960.24	0.00	190,222.93	0.00	697,808.07	21.42
State Revenue	1,419,857.00	253,878.80	0.00	695,889.76	0.00	723,967.24	49.01
Miscellaneous Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fees	30,500.00	576.00	0.00	17,049.99	0.00	13,450.01	55.90
Gains/Losses	5,000.00	0.00	0.00	17,849.31	0.00	12,849.31	356.99
Proceeds	57,959.00	2,000.00	0.00	39,211.50	0.00	18,747.50	57.65
TOTAL REVENUES	6,532,294.00	1,463,830.20	0.00	4,253,612.57	0.00	2,278,681.43	65.12
<u>EXPENDITURE SUMMARY</u>							
Administration	1,576,791.00	273,061.72	0.00	820,038.74	20,466.94	736,285.32	53.30
Tax Collections	47,718.00	3,802.61	0.00	26,235.73	0.00	21,482.27	54.98
Vistors Center	145,080.00	11,777.34	0.00	64,280.60	0.00	80,799.40	44.31
Police	1,202,508.00	95,285.63	0.00	587,927.51	12,839.93	601,740.56	49.96
Fire	415,827.00	24,582.25	2,099.00	214,467.01	21,633.28	181,765.71	56.29
Special Projects	118,987.00	9,129.98	0.00	65,884.60	2,300.00	50,802.40	57.30
Building Inspections	75,755.00	3,135.20	0.00	32,342.05	0.00	43,412.95	42.69
Planning	524,342.00	12,750.17	0.00	148,089.31	0.00	376,252.69	28.24
Vehicle Maintenance	177,259.00	10,104.80	0.00	59,731.10	2,281.77	115,246.13	34.98
Road Maintenance	1,683,184.00	226,329.11	0.00	1,002,727.66	58,828.03	621,628.31	63.07
Recreation	922,600.00	94,782.67	0.00	432,411.18	15,926.03	474,262.79	48.59
TOTAL EXPENDITURES	6,890,051.00	764,561.48	2,099.00	3,454,135.49	134,335.98	3,303,678.53	52.05
<u>REVENUE OVER/(UNDER) EXPENDITURES</u>							
	(357,757.00)	699,268.72	2,099.00	799,477.08	(134,335.98)	(1,024,997.10)	186.51-
<u>OTHER SOURCES</u>							
OTHER USES	534,757.00	3,833.09	0.00	22,384.42	0.00	512,372.58	4.19
	177,000.00	0.00	0.00	27,000.00	0.00	150,000.00	15.25
NET OTHER SOURCES & USES	357,757.00	3,833.09	0.00	4,615.58	0.00	362,372.58	1.29-
<u>REVENUES & OTHER SOURCES OVER</u>							
(UNDER) EXPENDITURES & OTHER USES	0.00	703,101.81	2,099.00	794,861.50	(134,335.98)	(662,624.52)	0.00

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30 -Water/Sewer
FINANCIAL SUMMARYTOWN OF BEECH MOUNTAIN
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: DECEMBER 31ST, 2019

PAGE: 1

	CURRENT BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
<u>REVENUE SUMMARY</u>							
Interest Income	22,000.00	1,714.21	0.00	11,477.07	0.00	10,522.93	52.17
Miscellaneous Income	2,500.00 (	125.00)	0.00	368.59	0.00	2,131.41	14.74
State Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Metered Sales & Fees	2,292,646.00	198,015.27	0.00	1,247,374.67	0.00	1,045,271.33	54.41
Gains/Losses	2,000.00	0.00	0.00	0.00	0.00	2,000.00	0.00
Proceeds	1,740,000.00	0.00	0.00	0.00	0.00	1,740,000.00	0.00
TOTAL REVENUES	4,059,146.00	199,804.48	0.00	1,259,220.33	0.00	2,799,925.67	31.02
<u>EXPENDITURE SUMMARY</u>							
W/S Administration	1,245,009.00	115,854.40	0.00	437,808.96	6,895.61	740,304.43	40.54
Water	2,758,272.00	57,100.15	0.00	330,949.85	18,136.99	2,349,185.16	14.83
Sewer	275,312.00	29,205.56	0.00	183,014.95	15,215.77	77,881.28	72.00
Taps & System	347,396.00	6,140.09	0.00	71,033.06	134,997.00	141,365.94	59.31
TOTAL EXPENDITURES	4,625,989.00	208,300.20	0.00	1,142,806.82	175,245.37	3,307,936.81	28.49
<u>REVENUE OVER/(UNDER) EXPENDITURES</u>							
	(566,843.00) (	8,695.72)	0.00	116,413.51 (	175,245.37) (	508,011.14)	10.38
<u>OTHER SOURCES</u>							
OTHER USES	566,843.00	0.00	0.00	0.00	0.00	566,843.00	0.00
NET OTHER SOURCES & USES	566,843.00	0.00	0.00	0.00	0.00	566,843.00	0.00
<u>REVENUES & OTHER SOURCES OVER</u>							
(UNDER) EXPENDITURES & OTHER USES	0.00 (	8,695.72)	0.00	116,413.51 (	175,245.37)	58,831.86	0.00

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35 -Sanitation
FINANCIAL SUMMARYTOWN OF BEECH MOUNTAIN
REVENUE & EXPENSE REPORT (UNAUDITED)
AS OF: DECEMBER 31ST, 2019

PAGE: 1

	CURRENT BUDGET	CURRENT PERIOD	PRIOR YEAR PO ADJUST.	Y-T-D ACTUAL	Y-T-D ENCUMBRANCE	BUDGET BALANCE	% OF BUDGET
<u>REVENUE SUMMARY</u>							
Interest Income	6,200.00	274.09	0.00	2,070.86	0.00	4,129.14	33.40
Miscellaneous Income	40,000.00	3,620.49	0.00	21,945.40	0.00	18,054.60	54.86
State Revenue	150.00	0.00	0.00	62.37	0.00	87.63	41.58
Fees	437,909.00	40,453.58	0.00	237,730.14	0.00	200,178.86	54.29
Gains/Losses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL REVENUES	484,259.00	44,348.16	0.00	261,808.77	0.00	222,450.23	54.06
<u>EXPENDITURE SUMMARY</u>							
Sanitation	484,259.00	63,734.05	0.00	255,450.25	6,969.22	221,839.53	54.19
TOTAL EXPENDITURES	484,259.00	63,734.05	0.00	255,450.25	6,969.22	221,839.53	54.19
<u>REVENUE OVER/ (UNDER) EXPENDITURES</u>							
REVENUE OVER/ (UNDER) EXPENDITURES	0.00 (	19,385.89)	0.00	6,358.52 (	6,969.22)	610.70	0.00
<u>OTHER SOURCES</u>							
OTHER SOURCES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
OTHER USES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NET OTHER SOURCES & USES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<u>REVENUES & OTHER SOURCES OVER</u>							
(UNDER) EXPENDITURES & OTHER USES	0.00 (	19,385.89)	0.00	6,358.52 (	6,969.22)	610.70	0.00

**Town of Beech Mountain
Monthly Financial Report
Fiscal Year 2020**

unaudited

<u>General Fund</u>	<u>Budget</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>YTD</u>	<u>% of Budget</u>
Total Revenue	7,067,051	79,156	53,797	352,696	972,470	1,350,215	1,467,663							4,275,997	60.51%
Total Expenditures	7,067,051	392,537	648,736	697,988	559,304	418,010	764,561							3,481,135	49.26%
Total General Fund f	7,769,430	7,769,430	7,456,050	6,861,111	6,515,819	6,928,985	7,861,190							7,769,430	
Revenues Less Expenditures		(313,380)	(594,939)	(345,292)	413,166	932,205	703,102	-	-	-	-	-	-	794,862	
Estimated change to Fund Balance		7,456,050	6,861,111	6,515,819	6,928,985	7,861,190	8,564,292	-	-	-	-	-	-	8,564,292	

Water/Sewer Enterprise Fund

Total Revenue	4,625,989	219,659	208,105	215,763	209,637	206,453	199,602							1,259,220	27.22%
Total Expenses	4,625,989	208,134	181,852	173,108	182,444	188,968	208,300							1,142,807	24.70%
Cash Reserves as Jul	1,439,499	1,439,499	1,451,025	1,477,277	1,519,932	1,547,125	1,564,609							1,439,499	
Revenues Less Expenses		11,526	26,253	42,654	27,193	17,485	(8,698)	-	-	-	-	-	-	116,413	
Estimated Change in Cash Reserves		1,451,025	1,477,277	1,519,932	1,547,125	1,564,609	1,555,912	-	-	-	-	-	-	1,555,912	

<u>Cash & Investment</u>	<u>Fund</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>
Branch Banking and	Pooled	353,316	96,224	367,701	932,140	1,170,847	2,098,368						
North Carolina Capit	General Fund	2,647,073	2,397,142	2,016,080	1,664,158	1,828,764	2,109,591						
North Carolina Capit	General Fund	4,555,646	4,564,095	4,571,756	4,579,224	4,586,066	4,592,950						
Mountain Communi	General Fund	103,668	103,668	103,668	103,750	103,750	103,750						
Highland Union - Sa	General Fund	507,515	507,515	507,834	507,834	507,834	508,155						
North Carolina Capit	Utility Fund	98,421	362,795	363,903	364,455	364,918	365,380						
North Carolina Capit	Utility Fund	828,890	830,427	831,821	833,180	834,425	835,677						
North Carolina Capit	Sanitation Fund	215,208	215,643	215,995	216,323	216,662	216,936						
North Carolina Capit	E911 Fund	72,166	72,291	72,409	72,519	72,611	72,703						
North Carolina Capit	Construction Fund	264,575	-	-	-								
Total Cash & Investments		9,646,477	9,149,801	9,051,167	9,273,584	9,685,876	10,903,509	-	-	-	-	-	-

Note:

This report is Actual YTD, emcumbered amounts not included

F



COUNCIL ACTION ITEM

TO: Town Council
FROM: Preston Yates
DATE: February 11, 2020
SUBJECT: Buckeye Lake Protection Ordinance call for Public Hearing

FOR THE PURPOSE OF:

Call for a Public Hearing to consider amendments to the Buckeye Lake Protection Ordinance. Amendments to be considered are relative to the facilities and recreation activities associated with the proposed Shane Outpost Park.

STAFF RECOMMENDATION:

Staff recommends that Town Council call for a Public Hearing at the next regular meeting on March 10, 2020, to hear public comments on amendments to the Buckeye Lake Protection Ordinance.

SIGNATURES:

Town Manager

Town Clerk



REPORT

TO: Mayor & Town Council
FROM: Bob Pudney
DATE: February 11, 2020
SUBJECT: Council FY:2020-2021 Planning Retreat

FOR THE PURPOSE OF:

Summary presentation of the Town Council FY:2020-2021 Planning Retreat from January 23, 2020.

SIGNATURES:

Town Manager

Town Clerk



REPORT

TO: Mayor & Town Council
FROM: Bob Pudney
DATE: February 11, 2020
SUBJECT: Business Acknowledgement

FOR THE PURPOSE OF:

Beech Meadows Ski Shop at 405 Beech Mountain Parkway, Wilson King

SIGNATURES:

Town Manager

Town Clerk



REPORT

TO: Mayor & Town Council
FROM: Tamara Mercer
DATE: February 11, 2020
SUBJECT: NC State Archives preservation of Beech Mountain records

FOR THE PURPOSE OF:

The Clerk's Office has partnered with the State Archives of North Carolina Office, in the preservation of the Town of Beech Mountain's minute books. Books in the vault, such as minutes, resolutions, and Sanitary District books, have been inventoried and micro-filmed by the State Office in Raleigh. This ensures public access to Beech Mountain's historically significant archival materials for now and into the future. Beech Mountain's permanent public record is now apart of the Statewide records system, preserving our rich history and historical value.

SIGNATURES:

Town Manager

Town Clerk



REPORT

TO: Town Council
FROM: Bob Pudney
DATE: February 11, 2020
SUBJECT: Fire Department Monthly Report

SIGNATURES:

Town Manager

Town Clerk

BEECH MOUNTAIN FIRE DEPARTMENT Monthly Report January 31, 2020,			
EVENT	THIS PERIOD	SAME PERIOD LAST YEAR	FISCAL YTD
FIRE CALLS	10	12	52
MEDICAL CALLS	12	6	81
FIRE SAFETY INSPECTIONS	0	0	15
PUBLIC EDUCATION	0	0	4
FIRE HYDRANT INSPECTIONS	0	0	2
TRAINING HOURS	617	275.5	2159
MEETINGS	8	8	56

COMMENTS:

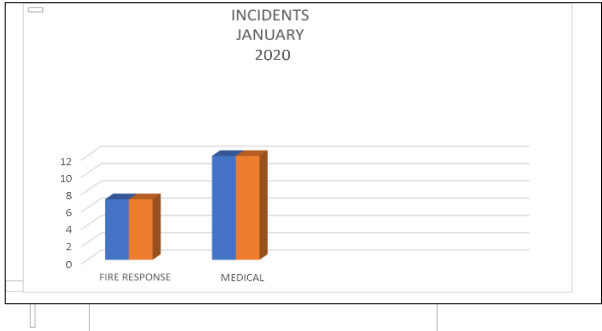
Membership Recruitment Program.

Addressing Project Underway

EMT Class

Budgets

Goals Next Period:





REPORT

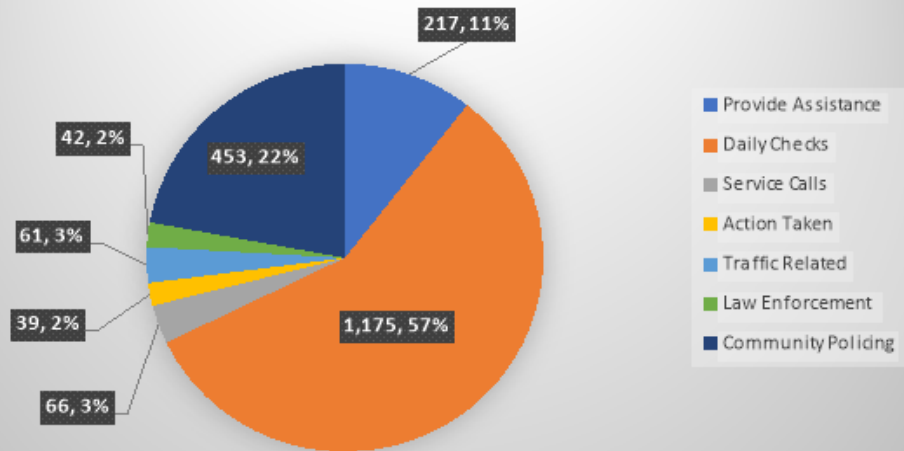
TO: Mayor & Town Council
FROM: Tim Barnett
DATE: February 11, 2020
SUBJECT: Police Department Monthly Report

SIGNATURES:

Town Manager

Town Clerk

2020 Monthly Condensed Calls





Activity Log Yearly Summary Totals
 Beech Mountain Police Department
 January 1, 2020 through January 31, 2020

<i>Call Type</i>	<i>2019</i>	<i>2020</i>	<i>Call Type</i>	<i>2019</i>	<i>2020</i>
Provide Assistance			Traffic Related		
Assist Fire Department	4	1	Driving While Impaired	2	2
Assist Investigation	0	0	Improper Parking	3	16
Assist Other Agency	8	14	Stationary/Directed Patrol	8	16
Assist Town Dept/Business	0	3	Traffic Control	0	3
Assist Home Owner	7	2	Vehicle Accidents	6	5
Assist Motorist	40	125	Vehicle Stops	10	19
Assist Other Officer	25	24			
Escort	50	39	Law Enforcement Calls		
Assist Medical Calls	3	10	911 Hang Ups	5	3
			Alarms	11	7
Daily Checks			Breaking & Entering	1	2
Business Checks	928	971	Domestic Complaints	2	5
Care Track Test	13	0	Fight	0	0
Security Checks	93	198	Fire Works Violations	0	0
Residence Checks	9	5	Fraud	0	0
Welfare Check	2	1	Hit & Run	1	1
			Intoxicated/Drunk & Disruptive	1	3
Service Calls			Investigation	1	2
Animal Control Domestic/Wildlife	2	9	Larceny	4	1
Calls For Service	17	18	Mental Subject	0	2
Deliver Letter/Message	7	30	Missing Person	1	1
Found Property	0	2	Noise Disturbance/Loud Music	3	4
Golf Cart / UTV Inspections	0	0	Open Door/Open Window	0	4
ATV/Golf Cart Complaints	4	0	Prowler	0	0
Recreation/Town Deposit	7	7	Shots Fired/Sound of Shots Fired	0	0
			Ski Pass Violation	0	0
Action Taken			Suspicious Vehicle	5	2
Court	2	6	Trespassing	0	1
Felony Arrest	0	1	Vandalism	0	1
Misdemeanor Arrest	2	1	Continuing Investigation	0	3
State Citations	3	6			
Town Ordinance Violations	0	0	Community Policing		
Verbal Warning	4	14	Community Policing Contacts	421	449
Warning Citations	7	2	Community Events	0	4
Warrant Service	1	9			
2019 Event Totals: 1,726			2020 Event Totals: 2,138		



REPORT

TO: Mayor and Town Council
FROM: Kate Gavenus
DATE: February 11, 2020
SUBJECT: TDA February Report

FOR THE PURPOSE OF:

This report gives a brief outline of marketing activities, media received, and results in regard to the number of visitors to the Town and the impact on the Town's economy.

SIGNATURES:

Town Manager

Town Clerk

**Beech Mountain TDA Report
To Town Council
January 2020**

Marketing/Media:

The winter social media sweepstakes netted us over 2,000 new contacts who have shown an interest in Beech Mountain and have been added into our email list. This month, we will have social media influencer Amanda Proctor on the mountain, and she will focus on fun and affordable winter family vacations.

Recent coverage:

Ski Southeast:

<https://www.skisoutheast.com/good-gravy-the-ski-resorts-are-busy-today-saturday-february-1st/>

High Country Press: <https://www.hcpres.com/news/natural-snow-and-cold-weather-makes-for-ideal-snow-conditions-at-area-ski-resorts.html>

Charlotte's WBTV:

<https://www.wbtv.com/2020/01/30/more-snow-mountains-no-major-issues/>

Patch.com, regarding Land of Oz:

<https://patch.com/north-carolina/charlotte/land-oz-ticket-dates-announced-2020-season>

Raleigh's WRAL, regarding Land of Oz:

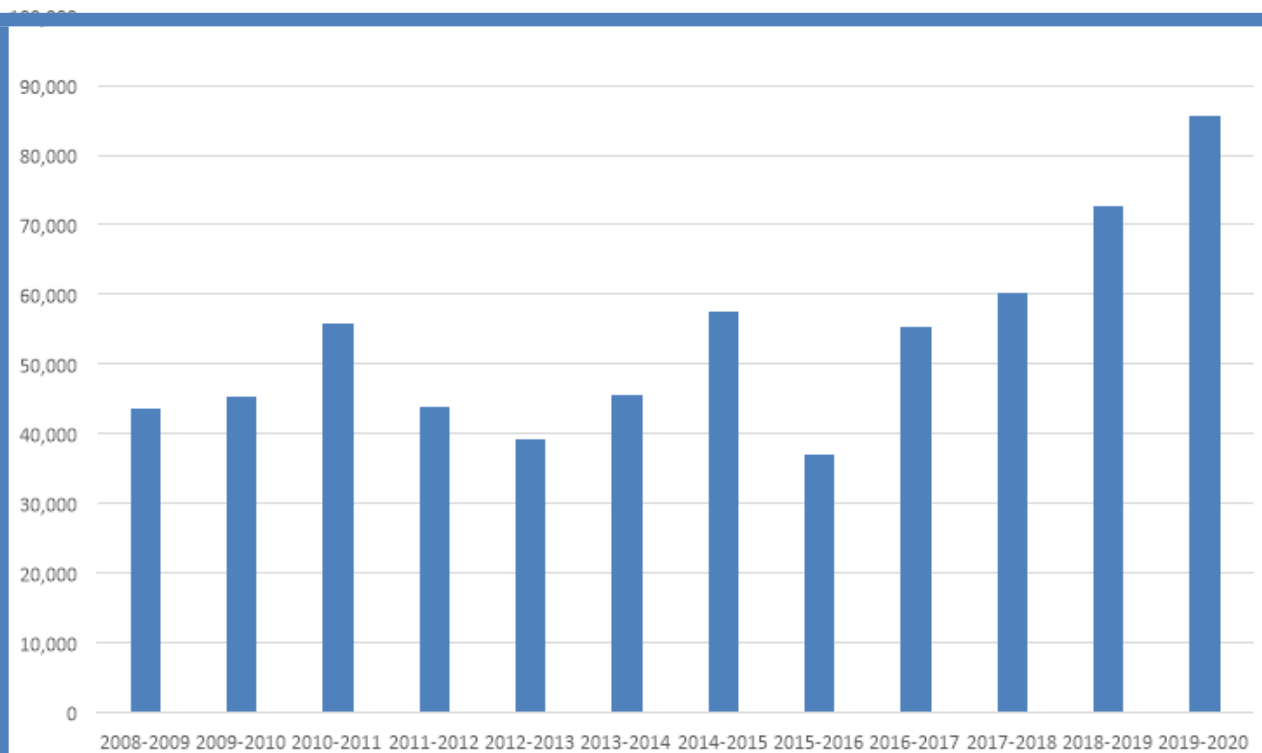
<https://www.wral.com/here-are-the-dates-when-you-can-visit-dorothy-at-ncs-land-of-oz-theme-park/18891304/>

Charlotte Observer, regarding Land of Oz:

<https://www.charlotteobserver.com/news/state/north-carolina/article239332303.html>

Results:

For the month of **January, Visitor Center staff served 2,361 people**, which is greater than the 1,450 visitors for the month of January 2019, and **the third-highest monthly total of all time**. Occupancy Tax is up over the previous December's revenue, with **\$85,699 collected**. The **gross receipts to our lodging partners in December was \$1,476,563.47**; these are the highest monthly tax collected and the highest gross receipts ever recorded in the Town of Beech Mountain. Visitors surveyed in January came from twelve states.



***Occupancy Tax collections
for December 2019 were
\$85,699, the highest single
month of occupancy tax ever
in the Town of Beech
Mountain.***



REPORT

TO: Mayor & Town Council
FROM: Sean Royall
DATE: February 11, 2020
SUBJECT: January Recreation Report

FOR THE PURPOSE OF:
Parks and Recreation program and facilities report

SIGNATURES:

Town Manager

Town Clerk

BEECH

PARKS & RECREATION

January 2019 Recreation Report

Facility Report

Finance Report

Total Monthly Revenue	\$4,308.75
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Check-In Report

Member Visits	507/ +70
Non-Member Visits	346/ +6

Membership Report

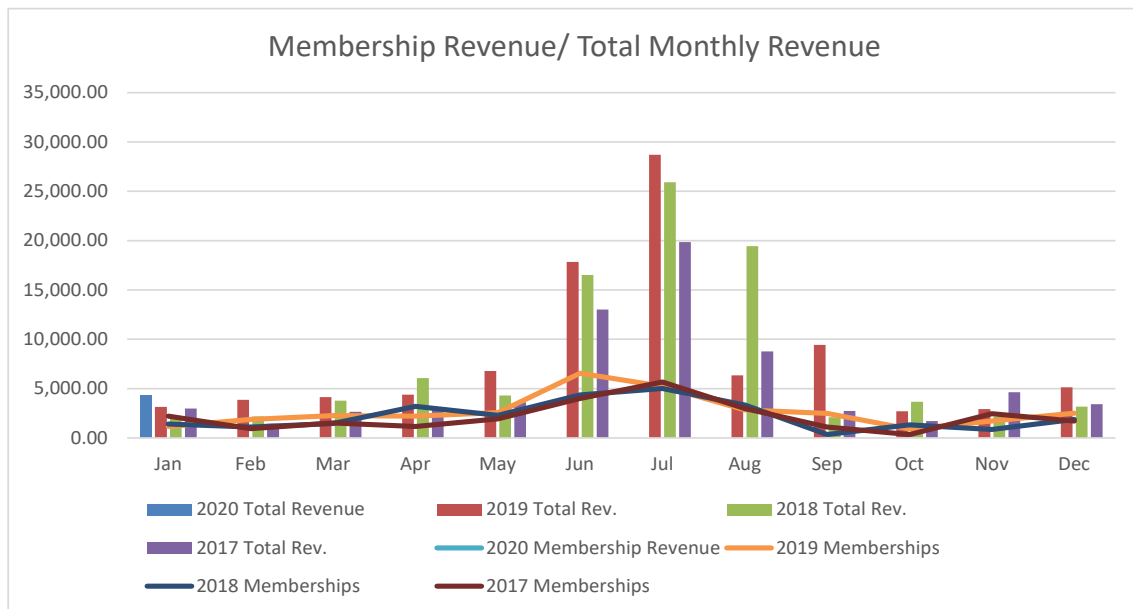
Total Memberships - \$2,430.00 (Details attached)

Family Annual \$1,750.00		
Active	Passes Expired (not renewed)	Passes sold
144/ +3	1	10

Individual Annual \$ 600.00		
Active	Passes Expired (not renewed)	Passes sold
113/ +6	2	6

Week Passes - \$80.00	
Family	Individual
2	1

Renewal Emails and Letters sent:

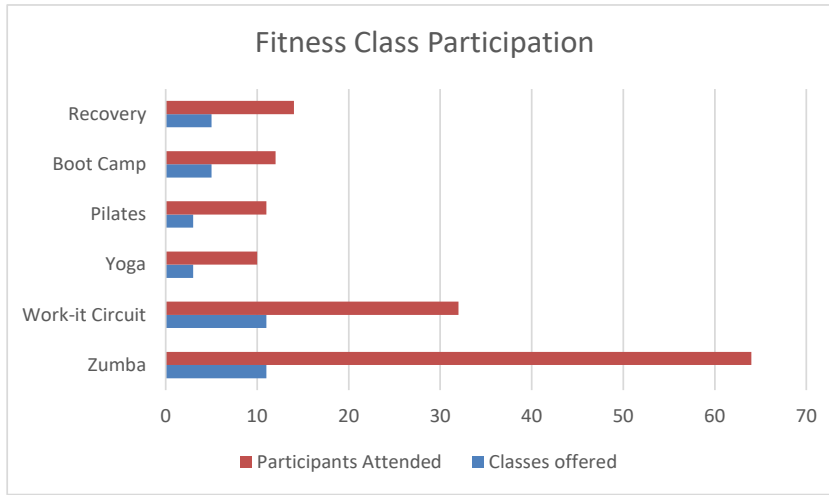


Fitness Report

Participants:

Class/Number of classes offered in the month/ Number of participants

Zumba	11	64
Work-it Circuit	11	32
Yoga	3	10
Pilates	3	11
Boot Camp	5	12
Recovery	5	14



Outdoor Report

Participants:

Emerald Outback Trail (as read from trail counter)	1526
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Respectfully Submitted,

Sean Royall
Parks and Recreation Director
Town of Beech Mountain
February 3, 2020

Detailed Revenue Totals

PROGRAM REGISTRATIONS \$515.00

MEMBERSHIPS \$2430.00

Facility Reservation \$0

POS \$1363.75

Total Online Sales \$405.00

**TOTAL MONTHLY REVENUE
\$4308.75**

Programs

2020 Holiday Market \$140.00

2020 Summer Camp \$375.00

Memberships

Family Annual Pass \$1750.00

Individual Annual Pass \$600.00

Condo Membership \$0

Individual Week Pass \$20.00

Family Week Pass \$60.00

POS

Binoculars \$20.00

Coke Machine \$46.95

**Daily Use (Non Member Check-in)
\$1068.00**

Event Donations \$80.75

Fitness Classes \$25.00

Print/ Fax \$1.05

Trail Map \$4.00

Trail Map Wholesale \$100.00



REPORT

TO: Town Council
FROM: Preston Yates
DATE: February 11, 2020
SUBJECT: Planning and Inspections Report 2020-01

FOR THE PURPOSE OF:

Monthly report of Planning and Inspections Department for review and consideration by Council.

SIGNATURES:

Town Manager

Town Clerk

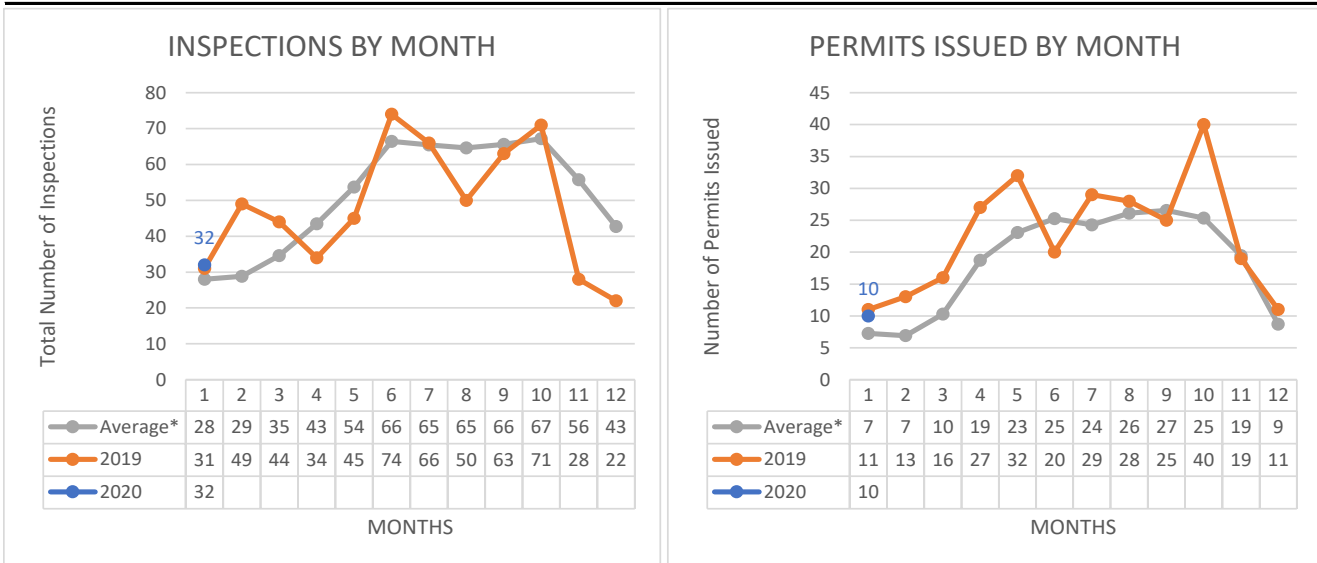
TOWN OF BEECH MOUNTAIN
Monthly Report
Department of Building Inspections
January-2020

1. Number of Inspections

	This Month	Last Month	Same Month Last Year	This Fiscal Year to Date	Last Fiscal Year to Date	Calendar Year to Date
Building	11	14	16	172	160	11
Electrical	11	2	8	60	54	11
Plumbing	6	3	3	35	29	6
Htg/Air & Misc.	4	3	9	65	78	4

2. Permits Issued

No. Issued	10	11	11	162	81	10
Value	\$ 64,011	\$ 516,219	\$ 100,200	\$ 3,824,673	\$ 1,175,637	\$ 64,011
Permit Fees	\$ 585.00	\$ 5,204.00	\$ 1,427.64	\$ 49,002.15	\$ 13,190.84	\$ 585.00



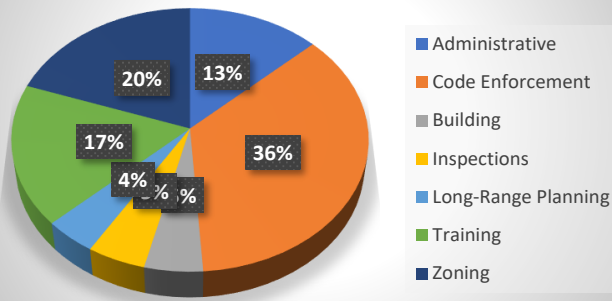
*NOTE: Average Inspections and Permits are calculated based on a running average since April 2009

3. Nature of Building Permits

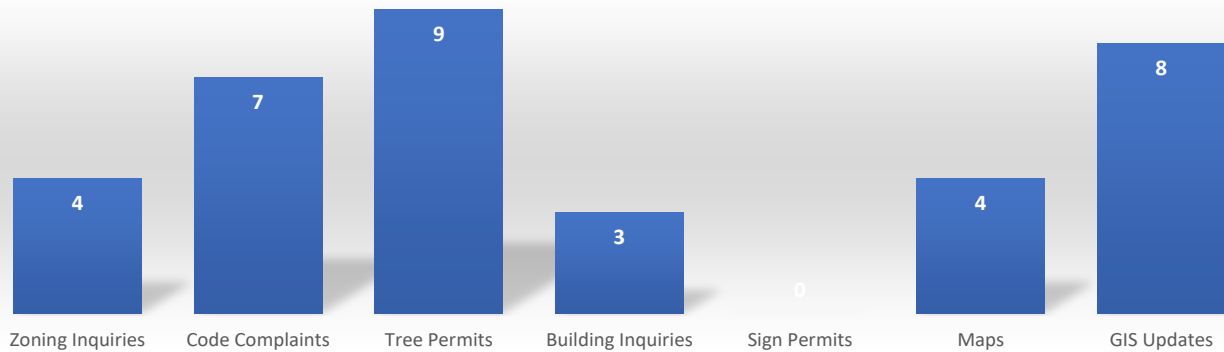
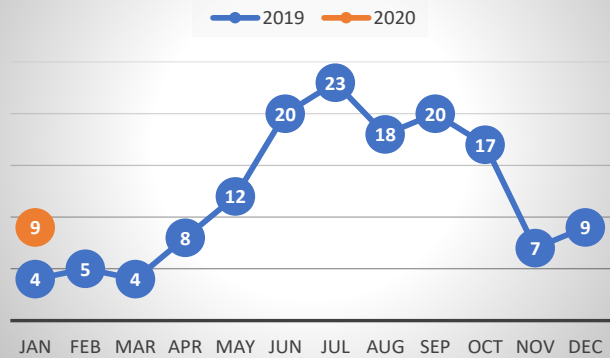
# of Permits	Type	Address	Total Fees	Valuation	New Bldgs FY to Date	New Bldgs Last FY
	New Single Family				4	0
	New Multi-Family				0	0
	New Commercial				0	0
10	Other	Various	\$ 585.00	\$ 64,011		
10			\$ 585.00	\$ 64,011		

TOWN OF BEECH MOUNTAIN
PLANNING AND ZONING MONTHLY REPORT
 January-2020

Time Allocation



Tree Permits



Summary and Highlights

Code Enforcement:

Town-wide address posting compliance effort underway - several hundred violations likely
 Actively working un-permitted tree cuttings
 Other violations include nuisances and signage

GIS:

Working with TDA and Recreation on development of new Trails Map
 Performing database maintenance to improve data quality and organization

Building

Permit issuance continues to be above 10-year average

Advisory Boards

Variance approved by Board of Adjustment;
 Planning Board working to amend zoning ordinance to reflect changes in general statutes



REPORT

TO: Mayor & Town Council
FROM: Matthew Clawson
DATE: February 11, 2020
SUBJECT: Public Works January 2020 monthly reports

FOR THE PURPOSE OF:

Public Works January 2020 Sanitation and Sewer reports. Please note: Water report contains only raw data

SIGNATURES:

Town Manager

Town Clerk



Town of Beech Mountain
Public Works Department
Monthly Report

2019	SOLID WASTE	CONSTRUCTION MATERIAL	RECYCLING						~ROAD MAINTENANCE~					
			RECYCLED METAL	PAPER	PLASTIC	GLASS	ALUMINUM	CARDBOARD	ROADS GRADED	STABILIZING STONE	POT HOLES REPAIRED	WASH OUTS	DITCHES PULLED	ROADWAYS MOWED
JAN	109.38	8.23	2.24	1.25	0.56	3.54	1.95	13.00	0	0	0	2	1	0
FEB	102.76	8.02	1.94	2.18	0.60	2.47	1.31	5.00	11	5	2	0	4	0
MAR	94.19	7.74	6.14	1.68	0.40	2.12	1.02	6.00	9	2	0	0	10	0
APR	67.26	27.92	2.90	0.00	0.95	0.00	0.00	2.00	0	0	12	1	1	0
MAY	85.42	32.50	4.60	1.51	1.03	2.96	1.54	4.00	5	2	7	4	2	11
JUNE	111.48	6.39	2.00	1.05	0.65	4.39	1.47	8.00	45	4	6	12	22	30
JULY	131.73	9.95	3.25	1.16	1.07	2.86	0.32	8.00	20	3	3	2	4	12
AUG	114.04	4.11	0.00	1.40	1.18	5.54	2.48	5.52	12	5	0	2	0	16
SEP	96.73	5.39	0.00	1.73	0.90	3.24	0.00	0.00	10	0	6	0	4	8
OCT	117.21	2.11	0.00	1.13	0.76	2.34	1.85	4.92	12	1	9	2	6	0
NOV	85.75	0.00	0.00	0.79	0.50	0.00	0.00	4.65	12	0	4	0	6	0
DEC	127.62	0.00	2.15	1.00	0.73	0.00	3.60	3.08	2	2	6	0	0	0
YTD TOTALS	1243.57	112.36	25.22	14.88	9.33	29.46	15.54	64.17	138	24	55	25	60	77
2020	SOLID WASTE	CONSTRUCTION MATERIAL	RECYCLING						~ROAD MAINTENANCE~					
			RECYCLED METAL	PAPER	PLASTIC	GLASS	ALUMINUM	CARDBOARD	ROADS GRADED	STABILIZING STONE	POT HOLES REPAIRED	WASH OUTS	DITCHES PULLED	ROADWAYS MOWED
JANUARY	145.41	0.00	1.75	0.85	0.81	2.50	0.39	0.00	10	1	4	1	2	0
FEBRUARY														
MARCH														
APRIL														
MAY														
JUNE														
JULY														
AUGUST														
SEPTEMBER														
OCTOBER														
NOVEMBER														
DECEMBER														
YTD TOTALS	145.41	0.00	1.75	0.85	0.81	2.50	0.39	0.00	10	1	4	1	2	0

Note: Sanitation & Recycling amounts are reported in tonnage

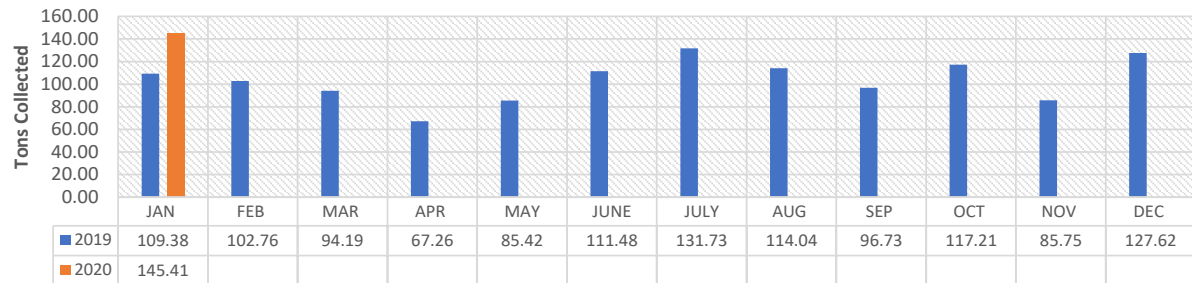
Note: Recycled metal taken to Omni Source

Note: Cardboard is by bales - each bale is approx 900 lbs.

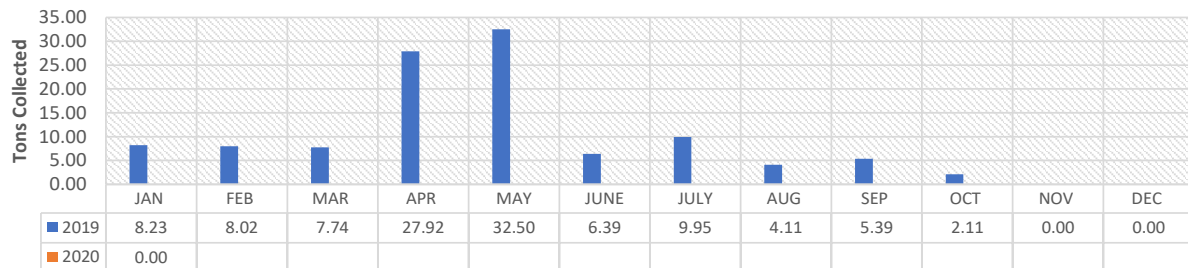
Note: Began tracking construction material Jan 2018

Note: Construction material is charged at \$53.00 per ton

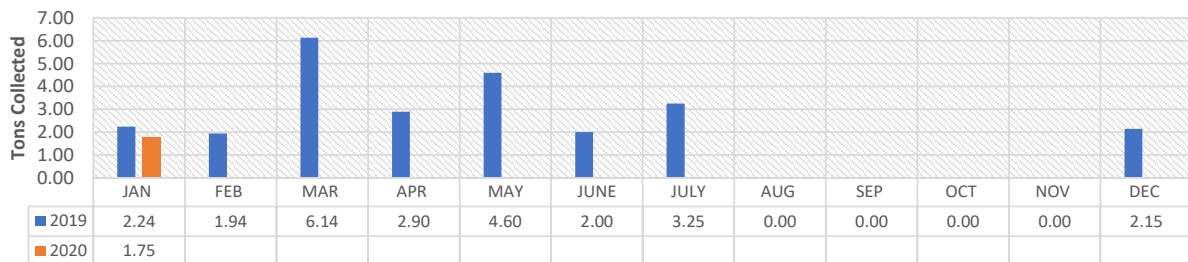
Solid Waste



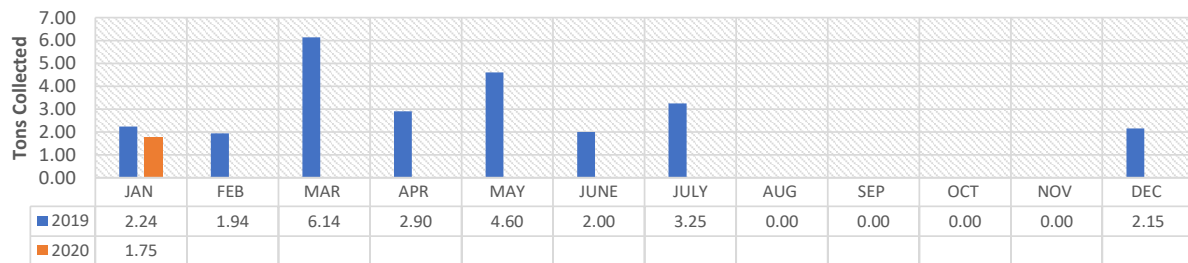
Construction Material



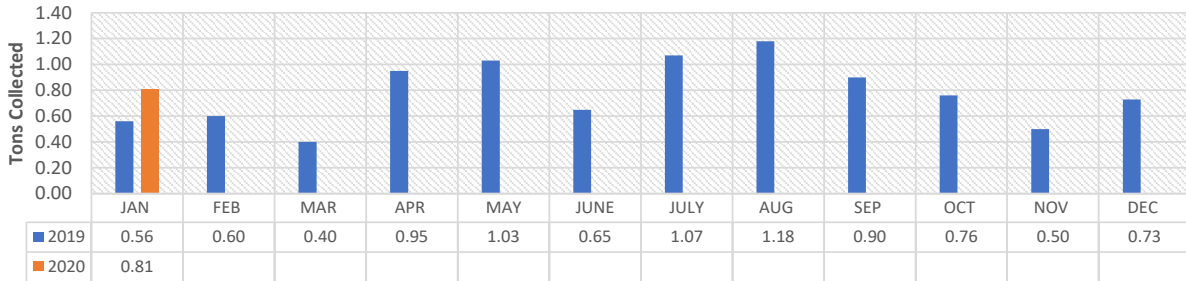
Recycled Metal



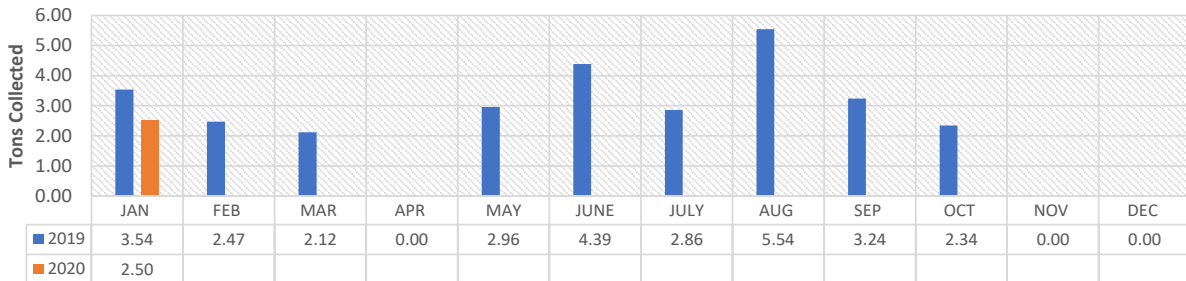
Recycled Paper



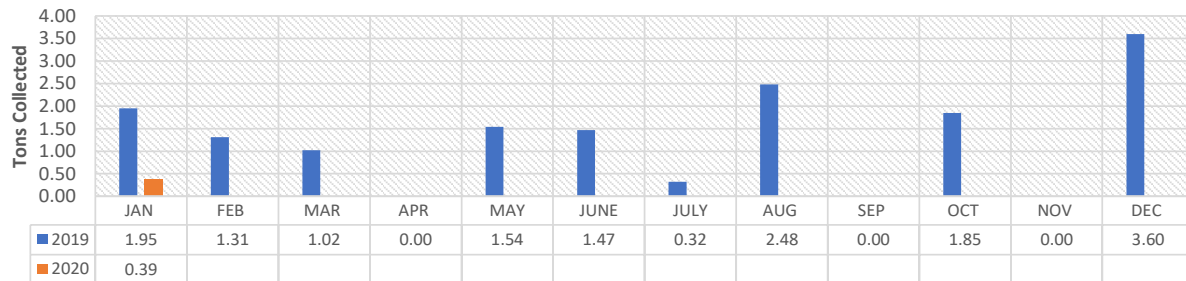
Recycled Plastic



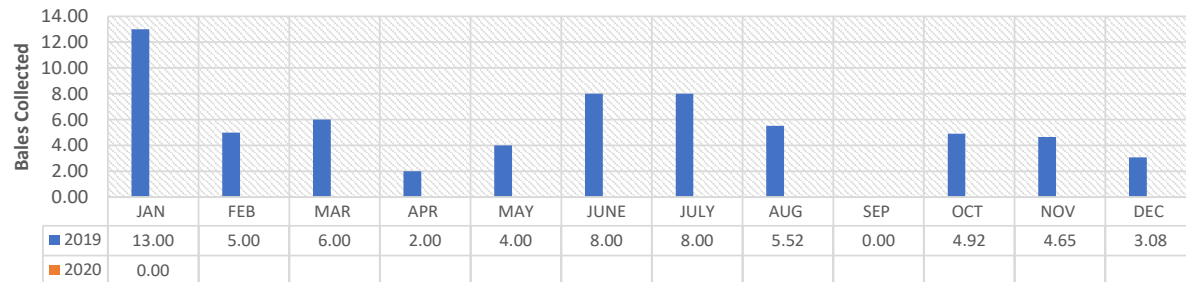
Recycled Glass



Recycled Aluminum



Recycled Cardboard



Water Treatment Plant Monthly Operation Report:

January 2020 flow totals: 13.02 MG
 .419 MGD AVG
 .307 MGD MIN
 .539 MGD MAX

All Bacteria samples taken were absent of Coliform Bacteria.

All daily tests are in compliance with State requirements.