

**Town of Black Mountain, North Carolina**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ending June 30, 2015**



**Town of Black Mountain, North Carolina**

**Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2015**



**Board of Aldermen  
(As of June 30, 2015)**

C. Michael Sobol, Mayor  
Don Collins, Vice Mayor

Larry B. Harris  
Carlos Showers  
Ryan Stone  
Maggie Tuttle

Town Manager  
Matt Settlemyer

Prepared under the direction of:  
Finance Officer  
Dean Luebbe

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## **INTRODUCTORY SECTION**



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Town of Black Mountain  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

## Town of Black Mountain

160 Midland Avenue • Black Mountain, North Carolina 28711  
Phone 828-419-9300 Fax 828-669-4204



September 3, 2015

To the Mayor, Board of Aldermen,  
and Citizens of the Town of Black Mountain, North Carolina

Ladies and Gentlemen:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Town of Black Mountain, North Carolina for the fiscal year ending June 30, 2015. The financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted governmental auditing standards by a firm of licensed certified public accountants. We believe the data is presented in a manner designed to set forth fairly the financial position and results of operations for the Town of Black Mountain for the fiscal year ended June 30, 2015.

This report consists of management's representations concerning the finances of the Town of Black Mountain. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. In order to provide a reasonable basis for making these representations, management of the Town of Black Mountain has established a comprehensive internal control framework that is designed to protect the Town's assets from loss, theft, or misuse and to compile reliable information for the preparation of the Town of Black Mountain's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh the benefits, the Town of Black Mountain's internal controls have been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of Black Mountain's financial statements have been audited by Gould Killian CPA Group, P.A., Certified Public Accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town of Black Mountain, for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Black Mountain's financial statements for the fiscal year



ended June 30, 2015 are fairly presented in conformity with GAAP. The report of the independent auditor is presented in the first component of the financial section of this report.

Generally Accepted Accounting Principles requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Black Mountain's MD&A can be found immediately following the report of the independent auditors.

## Profile of the Town of Black Mountain, North Carolina

The Town of Black Mountain was established in 1893 and is located in western North Carolina, sixteen miles east of Asheville, North Carolina. The town was named for the Black Mountain range, part of the Blue Ridge province of the Southern Appalachians. The Town presently covers 6.5 miles, and serves an estimated population of 8,270.

The Town operates under a council/manager form of government. Policy-making and legislative authority are vested in the Board of Aldermen, consisting of the mayor and five other members. The Mayor and Board of Aldermen serve four year staggered terms, with all elections being non-partisan. The Board of Aldermen is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the Town Manager and Town Attorney. The Town Manager is the chief administrative officer for the Town, and is responsible for carrying out the policies and ordinances of the Board, for overseeing the day-to-day operations of the government, and for appointing heads of the Town's departments.

The Town provides its citizens with a wide variety of services including public safety, planning and development, culture and recreation, streets maintenance, and water services. The Town's water system serves over 3,300 customers, which includes Town residents, and customers from outlying areas. On May 1, 2014, the Town reclaimed management responsibilities of its municipal golf course. The Town also contracts with GDS to provide sanitation services for its residents. This report includes all of the Town's activities in providing these services.

The Town is empowered to levy a property tax on both real and personal properties located within its boundaries. Buncombe County is the only other unit that levies taxes within the Town's limits. The Town is also empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the Board of Aldermen.

In government, much more than business, the budget is an integral part of a unit's accounting system and daily operations. North Carolina General Statutes require that all governmental units in the State to adopt a balanced budget by July 1<sup>st</sup> of each year. An annual or project budget ordinance, as adopted and amended by the governing body, creates the legal limit on spending authorizations and guides the Town's accounting system as well as daily operations. The Town of Black Mountain maintains budgetary controls to ensure compliance with annual

and project budget ordinances approved by the Board of Aldermen. Project budgets are adopted for the duration of the project; therefore, neither the project nor the appropriation need to be readopted in any subsequent fiscal year. The level of budgetary control (that is, the level at which expenses or expenditures cannot legally exceed the appropriated amount) is established by department level. More than one department may appear under a specific function, but the budgetary control is by department. Budgetary control is maintained through the use of an encumbrance accounting system and encumbrances outstanding at June 30<sup>th</sup> are closed out.

In accordance with state law, the Town's budget is prepared on the modified accrual basis, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when a fund liability is incurred, except for unmatured principal and interest on long-term debt and certain compensated absences. The General Fund is reported on the modified accrual basis in the fund financial statements. The Town's Proprietary Funds (Water and Golf) are reported on the full accrual basis in the fund financial statements, under which revenues are recorded when earned and expenses are recorded when incurred.

## Economic Condition of Black Mountain, North Carolina

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Black Mountain operates.

### **Local Economy**

The Town of Black Mountain is part of the Asheville Metropolitan Region, the western North Carolina center for manufacturing, health care, banking, professional services, and tourism. Despite the recent economic downturn, Black Mountain and Buncombe County have rated highly among the most desirable places to live in the country.

Buncombe County's unemployment rate of 4.7%, as of June 2015, compares favorably with the overall State of North Carolina rate of 5.9%. This is in part due to the diversity of the local economy with professional services, trade and distribution, health care, and service oriented businesses. Ingles Markets, a Fortune 1000 company with over 200 stores throughout the Southeast, is based in Black Mountain. Other major employers include the Buncombe County Board of Education and the Black Mountain Neuro-Medical Treatment Center.

Building permit revenue has seen an increase in the last three years, and the Town is cautiously optimistic that this will positively impact property values. The Settings, an upscale community, located on the south side of town on Highway 9, is scheduled to have major infrastructure work completed during FY16. Roberts Farms, a 250 home development located near the Town golf course broke ground in May 2015. Both events are expected to have a positive impact on overall property values.

Tourism plays a large role in the economy. The moderate climate, picturesque downtown, and the natural beauty of the mountains continue to draw visitors from far and near. Black Mountain also benefits from its proximity to two colleges (Montreat and Warren Wilson), as well as many large faith based conference centers.

### **Long-Term Financial Planning**

The Town has designated a total of \$385,000 into its Capital Reserve Fund. The Town intends to make annual contributions to this fund as a way of setting aside funds needed for capital purchases throughout the different functions of Town government. This practice was also established to reduce the dependency on debt issuance and/or large one time reductions in fund balance. Currently, these funds are earmarked for the dredging of Lake Tomahawk, fire equipment replacement, public safety building repair and renovation, and the replacement of a pump station. The weighted average interest rate for all Town debt currently stands at 2.97%, and the Town Board has been aggressive in reducing debt levels, by refinancing debt when appropriate as well as electing to paying off debt before scheduled maturity.

### **Financial Policies**

The Town's management has relied upon sound financial policies and procedures to manage the operations of the Town during the economic downturn while maintaining core services and providing for Board priorities. Maintaining an adequate fund balance has helped the Town weather the prospect of revenue shortfalls without an interruption of services. The Town's current unassigned fund balance of 36% of General Fund expenditures is well above the 30.5% minimum level set by the Town. The Town is currently working on rewriting its fund balance policy. Idle cash is invested with the North Carolina Capital Management Trust (NCCMT), an investment pool for local governments and public authorities in the State of North Carolina.

### **Awards and Acknowledgements**

The Governmental Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Black Mountain for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the fourth consecutive year that the Town has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another Certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire Finance Department. The cooperation of each Town

department is appreciated, as we work together in conducting the Town's financial operations. We also express our appreciation to the mayor and members of the Board of Aldermen for their continued support, guidance, and advice in planning and conducting the financial activities of the Town in a responsible and progressive manner. We also thank Gould Killian CPA Group, P.A., for their assistance.

Respectively submitted,

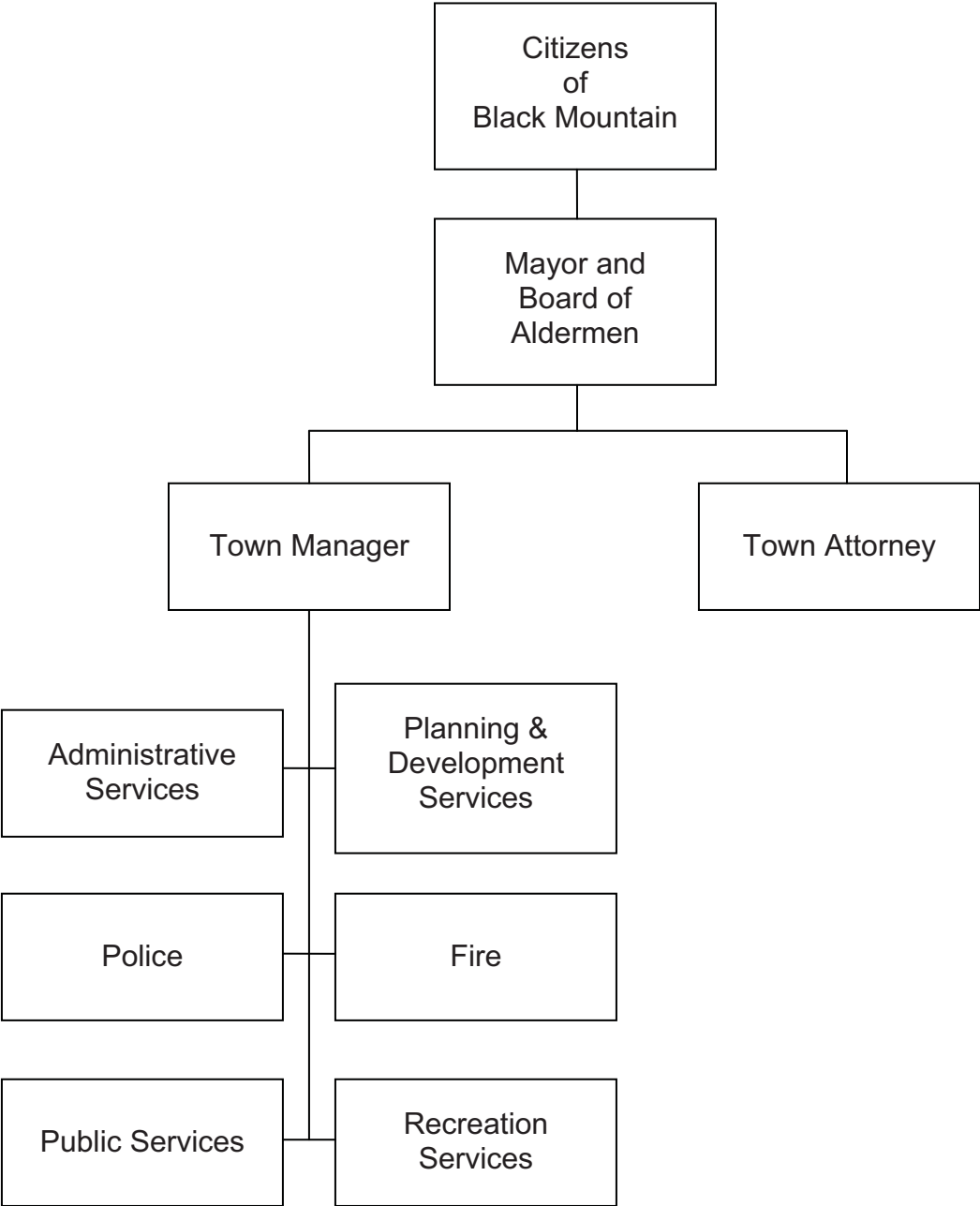


Matt Settlemyer  
Town Manager



Dean M. Luebbe, CPA  
Finance Director

# TOWN OF BLACK MOUNTAIN ORGANIZATIONAL CHART



**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

**THE TOWN GOVERNING BODY AND OFFICIALS**

**JUNE 30, 2015**

**MEMBERS OF THE GOVERNING BODY**

**MAYOR**

C. Michael Sobol

**BOARD OF ALDERMEN**

Don Collins  
(Vice Mayor)

Larry B. Harris

Carlos Showers

Ryan Stone

Maggie Tuttle

**OFFICIALS**

Matt Settlemyer

Town Manager

Dean Luebbe

Assistant Town Manager  
Finance Director

Steve Padgett

Police Chief

Steve Jones

Fire Chief

Jamey Matthews

Director of Public Services

Casey Connor

Director of Recreation Services

Josh Harrold

Director of Planning and Development

**FINANCIAL SECTION**



**GOULD KILLIAN  
CPA GROUP, P.A.**  
CERTIFIED PUBLIC ACCOUNTANTS

## **Independent Auditors' Report**

To the Honorable Mayor  
and Members of the Board of Aldermen  
Town of Black Mountain  
Black 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, and each major fund of the Town of Black Mountain, North Carolina, as of and for the year ended June 30, 2015, 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 Black Mountain ABC Board (a component unit) 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 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 and each major fund of the Town of Black Mountain, North Carolina, as of June 30, 2015, and the respective changes in financial position and cash flows, where appropriate, thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-12, the Law Enforcement Officers' Special Separation Allowance's Schedules of Funding Progress and Schedules of Employer Contributions on page 47, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 48 and 49, respectively, and the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Black Mountain, North Carolina. The introductory section, individual fund statements, budgetary schedules, other schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 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.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2015 on our consideration of the Town of Black Mountain, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Black Mountain's internal control over financial reporting and compliance.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
September 3, 2015

## Management's Discussion and Analysis

As management of the Town of Black Mountain, we offer readers of the Town of Black Mountain's financial statements this narrative overview and analysis of the financial activities of the Town of Black Mountain for the fiscal year ended June 30, 2015. 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

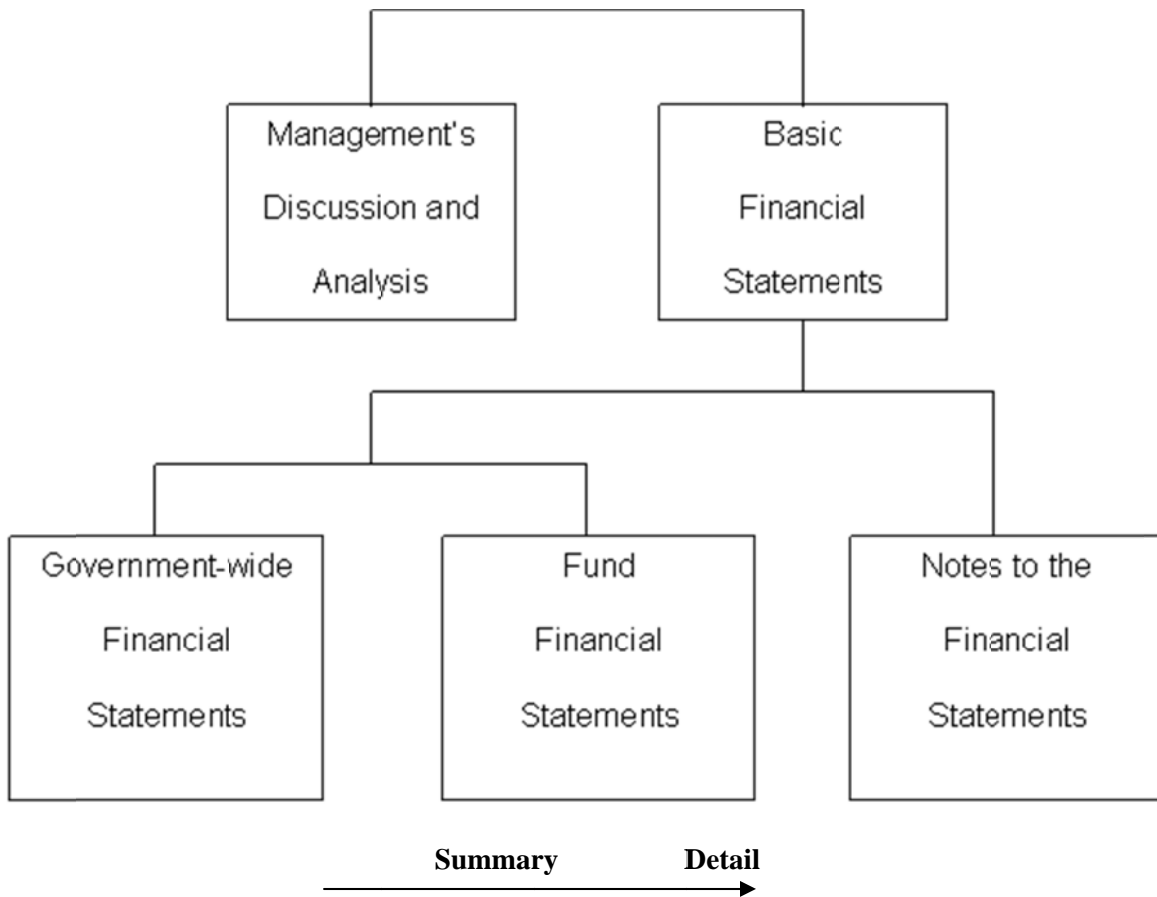
- The assets and deferred outflows of the Town of Black Mountain exceeded its liabilities and deferred inflows at the close of the fiscal year by \$19,341,326 (*net position*). Of this amount, \$4,369,151 may be used to meet the government's ongoing obligations to citizens and creditors (*unrestricted net position*).
- The government's total net assets increased by \$4,037,864 mainly because of two large uncommon events which occurred during the fiscal year. The first involved assets donated to the Town in the amount of \$1,469,567. The second involved the Town receiving \$1,533,505 in a surety bond settlement regarding The Settings development.
- As of the close of the current fiscal year, the Town of Black Mountain's governmental funds reported combined ending fund balances of \$5,918,483, an increase of \$1,753,816 in comparison with the prior year. Approximately 45.1% of this total amount, or \$2,667,819, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,709,003 or 36% of total general fund expenditures for the fiscal year. This compares with \$2,442,734 or 33.2% at the end of fiscal year 2014.
- The Town of Black Mountain continued to be focused on reducing long term debt. During the fiscal year, total long-term debt, excluding compensated absences and pension, was reduced from \$4,383,279 to \$3,805,493.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Black 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 Black Mountain.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits 3 through 11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary 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 assets and how they have changed. Net assets are the difference between the Town's total assets and total liabilities. Measuring net assets 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 public safety, parks and recreation, and general administration. Property taxes, sales taxes, and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water services offered by the Town of Black Mountain and operation of a municipal golf course. The final category is the component unit. Although legally separate from the Town, the Black Mountain Board of Alcoholic Beverage Control (ABC Board) is important to the town of Black Mountain because the Town exercises control over the Board by appointing its members and because the Board is required to distribute its profits to the Town.

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

### Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Black 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 Black Mountain can be divided into three categories: governmental funds, proprietary funds, and a fiduciary fund.

**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 of Black Mountain'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 Assets 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 Black 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 comparison statement provided for the general fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the general fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – The Town of Black 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 Black Mountain uses the enterprise funds to account for its water activity and for its golf course operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

**Fiduciary Fund** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town of Black Mountain has one fiduciary fund, which is a pension trust fund.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 24 – 46 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 Black Mountain’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 47-50 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 government and other holders of publicly held U.S. Treasury Securities.

**Government-Wide Financial Analysis  
The Town of Black Mountain’s Net Position**

*Figure 2*

	Governmental Activities		Business-type Activities		Total	
		(Restated)		(Restated)		(Restated)
	2015	2014	2015	2014	2015	2014
Other assets						
& deferred outflows	\$ 6,637,402	\$ 4,624,280	\$ 2,270,977	\$ 2,114,400	\$ 8,908,379	\$ 6,738,680
Capital assets	<u>9,451,273</u>	<u>9,034,012</u>	<u>6,717,820</u>	<u>5,734,548</u>	<u>16,169,093</u>	<u>14,768,560</u>
Total assets						
& deferred outflows	<u>16,088,675</u>	<u>13,658,292</u>	<u>8,988,797</u>	<u>7,848,948</u>	<u>25,077,472</u>	<u>21,507,240</u>
Long-term liabilities	2,280,371	3,309,249	1,887,137	2,168,460	4,167,508	5,477,709
Other liabilities						
& deferred inflows	<u>967,264</u>	<u>255,949</u>	<u>601,374</u>	<u>470,120</u>	<u>1,568,638</u>	<u>726,069</u>
Total liabilities						
& deferred inflows	<u>3,247,635</u>	<u>3,565,198</u>	<u>2,488,511</u>	<u>2,638,580</u>	<u>5,736,146</u>	<u>6,203,778</u>
Net position:						
Invested in capital assets, net of related debt	7,480,903	6,682,269	4,882,698	3,702,761	12,363,601	10,385,030
Restricted	2,608,574	1,184,479	-	-	2,608,574	1,184,479
Unrestricted	<u>2,751,563</u>	<u>2,226,346</u>	<u>1,617,588</u>	<u>1,507,607</u>	<u>4,369,151</u>	<u>3,733,953</u>
Total net position	<u>\$12,841,040</u>	<u>\$10,093,094</u>	<u>\$ 6,500,286</u>	<u>\$ 5,210,368</u>	<u>\$ 19,341,326</u>	<u>\$ 15,303,462</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Black Mountain exceeded liabilities and deferred inflows by \$19,341,326 as of June 30, 2015. The Town's net position *increased* by \$4,037,864 for the fiscal year ended June 30, 2015. However, the largest portion (63.9%) reflects the Town's 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 Black Mountain uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Black Mountain's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Black Mountain's net position, 2,608,574 (13.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,369,151 (22.6%) is unrestricted and may be used to meet the Town's ongoing obligation to citizens and creditors. Also, the Town of Black Mountain implemented GASB Statement 68 this year. With the new reporting change, the Town is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$491,337. Decisions regarding the allocations are made by the administrators of the pension plan, not by the Town of Black Mountain's management.

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

- The Town continues to maintain a high property tax collection percentage. The Town's collection percentage, excluding motor vehicle taxes, for fiscal year 2015, was 99.7%, which is higher than the statewide average of 98.6%.
- Local option sales taxes increased by \$88,878 from the prior year and utilities franchise taxes increased by \$162,527 from the prior year. Buncombe County continues to be the economic driver of Western North Carolina.
- The overall weighted average interest rate of debt for the Town currently stands at 2.97%.

### Town of Black Mountain Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,384,326	\$ 1,322,643	\$ 1,822,315	\$ 1,380,410	\$ 3,206,641	\$ 2,703,053
Operating grants and contributions	324,682	274,624	-	-	324,682	274,624
Capital grants and contributions	-	213,222	-	-	-	213,222
<b>General revenues:</b>						
Property taxes	3,781,205	3,791,356	-	-	3,781,205	3,791,356
Other taxes	1,466,892	1,372,798	-	-	1,466,892	1,372,798
Grants and contributions	1,118,485	709,687	1,197,500	-	2,315,985	709,687
Surety bond settlement	1,533,505	-	-	-	1,533,505	-
Other	132,910	138,793	4,716	94,716	137,626	233,509
<b>Total revenues</b>	<b>9,742,005</b>	<b>7,823,123</b>	<b>3,024,531</b>	<b>1,475,126</b>	<b>12,766,536</b>	<b>9,298,249</b>
<b>Expenses:</b>						
General government	1,268,752	1,264,384	-	-	1,268,752	1,264,384
Public safety	3,170,756	3,347,118	-	-	3,170,756	3,347,118
Public works	898,225	878,050	-	-	898,225	878,050
Environmental protection	675,672	693,266	-	-	675,672	693,266
Culture and recreation	745,206	772,137	-	-	745,206	772,137
Economic & physical dev	83,243	-	-	-	83,243	-
Interest on long-term debt	69,614	76,196	-	-	69,614	76,196
Water	-	-	1,218,696	1,199,074	1,218,696	1,199,074
Golf course	-	-	598,508	192,572	598,508	192,572
<b>Total expenses</b>	<b>6,911,468</b>	<b>7,031,151</b>	<b>1,817,204</b>	<b>1,391,646</b>	<b>8,728,672</b>	<b>8,422,797</b>
Increase (decrease) in net assets before transfers	2,830,537	791,972	1,207,327	83,480	4,037,864	875,452
Billy Casper (management contract)	-	-	-	(410,000)	-	(410,000)
Transfers	(82,591)	(335,000)	82,591	335,000	-	-
<b>Change in net position</b>	<b>2,747,946</b>	<b>456,972</b>	<b>1,289,918</b>	<b>8,480</b>	<b>4,037,864</b>	<b>465,452</b>
Net position, beginning	10,093,094	9,636,122	5,210,368	5,201,888	15,303,462	14,838,010
<b>Net position, ending</b>	<b>\$12,841,040</b>	<b>\$10,093,094</b>	<b>\$ 6,500,286</b>	<b>\$ 5,210,368</b>	<b>\$ 19,341,326</b>	<b>\$ 15,303,462</b>

**Governmental activities.** Governmental activities increased the Town's net position by \$2,747,946 thereby accounting for 68.1% of the total growth in the net position of the Town of Black Mountain. Key elements of this increase are as follows.

- The Town of Black Mountain received \$1,533,504 in May of 2015, in relation to the Settings Infrastructure bond. This money is recorded in the Settings Capital Projects Fund, is restricted as to its use, and is anticipated to be liquidated in full by the end of FY16.
- The Greenways Foundation Inc. donated assets to the Town valued at \$272,067.
- Unrestricted intergovernmental revenue increased by \$136,731, fueled mainly by increases in franchise utility taxes.



**Business-type activities:** Business-type activities increased the Town of Black Mountain's net position by \$1,289,918, accounting for 31.9% of the growth in net position for the Town. Key elements of this increase are as follows.

- The Town recorded donated water infrastructure assets from the Settings in the amount of \$1,197,500.
- The Water Fund reported operating income of \$162,378 in FY15. The Town continues to look for cost efficiencies in delivering water to its customers.
- The Golf Fund reported an operating loss of \$95,547 in FY15. A rate increase was put into effect in May of 2015, involving membership, cart fees, and green fees.

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

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

**Governmental Funds.** The focus of the Town of Black 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 Black Mountain's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Black Mountain. At the end of the current fiscal year, the Town of Black Mountain's fund balance available in the general fund was \$3,449,950, while total fund balance reached \$4,425,696. As a measure of the general fund's liquidity, it may be useful to compare available fund balance to the fund's expenditures. The Town currently has available fund balance of 45.6% of general fund expenditures, while total fund balance represents 58.5% of that same amount.

At June 30, 2015, the governmental funds of the Town of Black Mountain reported a combined fund balance of \$5,918,483, a 42.1% increase from last year. As noted earlier, the bulk of this increase involved bond monies received by the Town to complete infrastructure in The Settings development.

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

The difference between the budgeted and actual amounts is attributed in part to the following:

- Franchise tax revenue exceeded budgeted amounts by \$156,426.
- Building permit revenue exceeded budgeted amounts by \$23,752, as the Black Mountain area continued to be a desirable location for businesses and families.
- Many departments contributed to actual expenses being less than budgeted expenditures by continuing wise spending practices.

Actual total operating revenues for the General Fund exceeded budgeted amounts by \$308,197. Actual expenditures were \$355,079 less than budgeted amounts.

**Proprietary Funds.** The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$1,929,016. Operating revenues exceeded operating expenses by \$162,378. Unrestricted net position of the Golf Fund at the end of the fiscal year amounted to a deficit of (\$311,428). The Golf Fund reported an operating loss of (\$95,547) for FY15. The Golf Fund continues to be an area of major focus for Town

management. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town’s business-type activities.

**Capital Asset and Debt Administration**

**Capital assets.** The Town of Black Mountain’s investment in capital assets for its governmental and business-type activities as of June 30, 2015, totals \$16,169,093 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, vehicles, and water and sewer facilities and infrastructure.

Major capital asset transactions during the year include the following:

- The Town purchased \$603,239 of capital assets, and recorded donated assets of \$1,469,567, during the fiscal year. Included in these purchases were four vehicles (\$167,774), and building improvements to the fire department (\$39,125) and the Carver Center (\$105,374). The Town also expended \$101,055 on sidewalk improvements and \$112,707 on paving projects.

**Town of Black Mountain’s Capital Assets  
(Net of depreciation)**

*Figure 4*

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$3,485,062	\$ 3,485,062	\$ 481,775	\$ 481,775	\$ 3,966,837	\$ 3,966,837
Buildings	3,568,173	3,462,964	315,192	325,059	3,883,365	3,788,023
Land improvements	1,884,973	1,580,800	2,661,962	2,757,426	4,546,935	4,338,226
Furniture and fixtures	19,303	24,006	4,904	5,613	24,207	29,619
Equipment	76,735	109,551	51,801	72,225	128,536	181,776
Water infrastructures	-	-	3,005,547	1,895,450	3,005,547	1,895,450
Vehicles and motorized equipment	417,027	371,629	177,306	197,000	594,333	568,629
Construction in progress	-	-	19,333	-	19,333	-
<b>Total</b>	<b><u>\$ 9,451,273</u></b>	<b><u>\$ 9,034,012</u></b>	<b><u>\$ 6,717,820</u></b>	<b><u>\$ 5,734,548</u></b>	<b><u>\$ 16,169,093</u></b>	<b><u>\$ 14,768,560</u></b>

Additional information on the Town’s capital assets can be found in Note 2-A.5 of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2015, the Town of Black Mountain had long term obligations of \$3,805,493. The Town’s long term obligations include installment purchases, capitalized leases, and revolving loans. It does not include pension and other postemployment liabilities or accrued vacation pay. The Town of Black Mountain’s total debt decreased from \$4,383,279 in FY14 to \$3,805,493 at the end of FY15. Payments made on debt principal during FY 15 totaled \$577,786.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the Town of Black Mountain is approximately \$74,416,000.

Additional information regarding the Town of Black Mountain’s long-term debt can be found in Note 2.B.6 of the Basic Financial Statements.

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

The following key economic indicators reflect the stability of the Town of Black Mountain:

- Low unemployment. The Town of Black Mountain rate of 4.7% is below the statewide level of 5.9%.
- The property tax rate remains unchanged at .375 (thirty seven and a half) cents per \$100 of valuation.
- No new debt issuance in current budget year (FY16).
- The Town hopes that the completion of the Settings infrastructure, and the new Roberts Farms development will have a positive effect on property valuation.

### **Budget Highlights for the Fiscal Year Ending June 30, 2016**

#### **Government Activities**

Property taxes are expected to grow by 1% from FY15 budgeted levels, and are budgeted to account for 46.89% of General Fund revenues. Sales tax revenues are expected to grow by 8.9% from FY15 budgeted levels, and account for 19.1% of General Fund revenues. As in prior years, the Town's budget development was guided by the following principles: (1) preserving current Town assets; (2) investing in the Town's future; and (3) minimizing rate impacts on citizens and customers.

Original budgeted expenditures in the General Fund were expected to increase 3.51% to \$8,101,701 over the FY15 original budget. The Town appropriated \$256,661 of fund balance to balance the General Fund in FY16 budget. Similar to most local governments, salaries and benefits (52.9%) make up the largest portion of expenditures.

#### **Business Activities**

Original budgeted expenditures in the Water Fund were expected to increase 6.44% to \$1,488,471 over the FY15 original budget. All of this increase was related to capital items, as the Town continues its effort to improve water infrastructure. The Town appropriated \$158,471 of fund balance to balance the Water Fund in the FY16 budget. The Golf Fund budget increased by less than one percent from FY15 levels.

- Town of Black Mountain water rates were raised by 2% to cover the increased costs of operations.
- The Town increased rates at the golf course on all of the major revenue sources (green fees, cart fees, membership). Recent months have provided some of the best revenue amounts in the last five years.

#### **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Dean Luebbe, Finance Director, Town of Black Mountain, 160 Midland Avenue, Black Mountain, NC 28711. Requests may also be made by telephone at (828) 419-9301, or by e-mail at [dean.luebbe@townofblackmountain.org](mailto:dean.luebbe@townofblackmountain.org).

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Exhibit 1

Statement of Net Position  
June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Black Mountain ABC Board
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 3,442,172	\$ 1,846,396	\$ 5,288,568	\$ 304,322
Taxes receivable, net	10,739	-	10,739	-
Accrued interest receivable	1,772	-	1,772	-
Accounts receivable, net	57,090	362,604	419,694	-
Due from/(to) other funds	201,810	(201,810)	-	-
Due from other governments	667,558	-	667,558	-
Inventories	2,606	90,418	93,024	272,474
Prepaid items	82,388	11,421	93,809	4,707
Restricted:				
Cash and cash equivalents	1,692,481	84,007	1,776,488	-
Total current assets	6,158,616	2,193,036	8,351,652	581,503
Non-current assets:				
Net pension asset	291,884	47,515	339,399	-
Capital assets:				
Land and construction in progress	3,485,062	501,108	3,986,170	66,737
Other capital assets, net	5,966,211	6,216,712	12,182,923	68,475
Total capital assets	9,451,273	6,717,820	16,169,093	135,212
Total non-current assets	9,743,157	6,765,335	16,508,492	135,212
Total assets	15,901,773	8,958,371	24,860,144	716,715
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	186,902	30,426	217,328	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	43,818	316,744	360,562	-
Other liabilities	141,202	72,063	213,265	172,114
Accrued interest payable	37,461	9,974	47,435	-
Customer deposits	-	84,007	84,007	-
Current portion of				
long-term liabilities	398,974	204,452	603,426	-
Total current liabilities	621,455	687,240	1,308,695	172,114
Long-term liabilities:				
Due in more than one year	1,881,397	1,682,685	3,564,082	10,744
Total liabilities	2,502,852	2,369,925	4,872,777	182,858
<b>DEFERRED INFLOWS OF RESOURCES</b>	744,783	118,586	863,369	-
<b>NET POSITION</b>				
Net investment in capital assets	7,480,903	4,882,698	12,363,601	135,212
Restricted for:				
Stabilization by State statute	922,143	-	922,143	-
Streets	144,506	-	144,506	-
Public safety	54,780	-	54,780	59,438
Capital projects	1,487,145	-	1,487,145	-
Unrestricted	2,751,563	1,617,588	4,369,151	339,207
Total net position	\$ 12,841,040	\$ 6,500,286	\$ 19,341,326	\$ 533,857

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

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

Statement of Activities  
For the year ended June 30, 2015

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental Activities:				
General government	\$ 1,268,752	\$ 157,090	\$ -	\$ -
Public safety	3,170,756	1,040,675	34,178	-
Public works	898,225	-	239,393	-
Environmental protection	675,672	7,956	-	-
Cultural and recreational	745,206	178,605	16,680	-
Economic and physical development	83,243	-	34,431	-
Interest on long-term debt	69,614	-	-	-
Total governmental activities	6,911,468	1,384,326	324,682	-
Business-type activities:				
Water	1,218,696	1,321,461	-	-
Golf Course	598,508	500,854	-	-
Total business-type activities	1,817,204	1,822,315	-	-
Total primary government	\$ 8,728,672	\$ 3,206,641	\$ 324,682	\$ -
Component unit:				
Town of Black Mountain ABC Board	\$ 1,946,138	\$ 2,004,025	\$ -	\$ -
Total component unit	\$ 1,946,138	\$ 2,004,025	\$ -	\$ -

**General revenues:**

Taxes:

Property taxes, levied for general purpose

Sales taxes

Other taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Capital contributions - donated assets

Gain on sale of capital assets

Surety bond settlement

Miscellaneous

Transfers

Total general revenues and transfers

Changes in net position

Net position, beginning, as originally reported

Restatement (Note 4)

Net position, beginning, as restated

Net position, end of year

Exhibit 2

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Town of Black Mountain ABC Board	
\$ (1,111,662)	\$ -	\$ (1,111,662)	\$ -	-
(2,095,903)	-	(2,095,903)	-	-
(658,832)	-	(658,832)	-	-
(667,716)	-	(667,716)	-	-
(549,921)	-	(549,921)	-	-
(48,812)	-	(48,812)	-	-
(69,614)	-	(69,614)	-	-
(5,202,460)	-	(5,202,460)	-	-
-	102,765	102,765	-	-
-	(97,654)	(97,654)	-	-
-	5,111	5,111	-	-
(5,202,460)	5,111	(5,197,349)	-	-
-	-	-	57,887	-
-	-	-	57,887	-
3,781,205	-	3,781,205	-	-
1,409,965	-	1,409,965	-	-
56,927	-	56,927	-	-
846,418	-	846,418	-	-
2,302	741	3,043	439	-
272,067	1,197,500	1,469,567	-	-
4,825	-	4,825	-	-
1,533,505	-	1,533,505	-	-
125,783	3,975	129,758	-	-
(82,591)	82,591	-	-	-
7,950,406	1,284,807	9,235,213	439	-
2,747,946	1,289,918	4,037,864	58,326	-
10,515,644	5,279,155	15,794,799	475,531	-
(422,550)	(68,787)	(491,337)	-	-
10,093,094	5,210,368	15,303,462	475,531	-
\$ 12,841,040	\$ 6,500,286	\$ 19,341,326	\$ 533,857	-

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

GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2015

	<u>Major Funds</u>					Total Governmental Funds
	General Fund	Settings Capital Project Fund	Comprehensive Bike Plan Capital Project Fund	Watershed Restoration Capital Project Fund		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 3,442,172	\$ -	\$ -	\$ -	\$ 3,442,172	
Restricted cash and cash equivalents	199,286	1,462,145	6,050	25,000	1,692,481	
Taxes receivable, net	10,739	-	-	-	10,739	
Accounts receivable, net	47,659	-	9,431	-	57,090	
Due from other funds	201,810	-	-	-	201,810	
Due from other governments	667,558	-	-	-	667,558	
Inventories	2,606	-	-	-	2,606	
Prepaid items	56,639	-	-	-	56,639	
Total assets	<u>\$ 4,628,469</u>	<u>\$ 1,462,145</u>	<u>\$ 15,481</u>	<u>\$ 25,000</u>	<u>\$ 6,131,095</u>	
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 33,979	\$ -	\$ 9,839	\$ -	\$ 43,818	
Salaries and payroll taxes payable	141,202	-	-	-	141,202	
Total liabilities	<u>175,181</u>	<u>-</u>	<u>9,839</u>	<u>-</u>	<u>185,020</u>	
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>27,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,592</u>	
<b>FUND BALANCES</b>						
Nonspendable:						
Inventories	2,606	-	-	-	2,606	
Prepaid items	56,639	-	-	-	56,639	
Restricted for:						
Stabilization by State statute	916,501	-	5,642	-	922,143	
Streets	144,506	-	-	-	144,506	
Public safety	54,780	-	-	-	54,780	
Capital projects	-	1,462,145	-	25,000	1,487,145	
Committed for capital reserve	285,000	-	-	-	285,000	
Assigned - subsequent year's expenditures	256,661	-	-	-	256,661	
Unassigned	2,709,003	-	-	-	2,709,003	
Total fund balances	<u>4,425,696</u>	<u>1,462,145</u>	<u>5,642</u>	<u>25,000</u>	<u>5,918,483</u>	
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,628,469</u>	<u>\$ 1,462,145</u>	<u>\$ 15,481</u>	<u>\$ 25,000</u>		
<b>Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:</b>						
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.					9,451,273	
Other current assets (accrued interest receivable from taxes and certain prepaid expenses) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.					27,521	
Net pension asset					291,884	
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position					186,902	
Liabilities for earned revenues considered deferred inflows of resources in fund statements.					11,265	
Pension related deferrals					(728,456)	
Some liabilities, including notes payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.					<u>(2,317,832)</u>	
Net position of governmental activities					<u>\$ 12,841,040</u>	

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

GOVERNMENTAL FUNDS  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 For the year ended June 30, 2015

	<b>Major Funds</b>				<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Settings Capital Project Fund</b>	<b>Comprehensive Bike Plan Capital Project Fund</b>	<b>Watershed Restoration Capital Project Fund</b>	
<b>REVENUES</b>					
Ad valorem taxes	\$ 3,799,959	\$ -	\$ -	\$ -	\$ 3,799,959
Other taxes and licenses	1,466,892	-	-	-	1,466,892
Unrestricted intergovernmental	846,418	-	-	-	846,418
Restricted intergovernmental	290,251	-	9,431	25,000	324,682
Permits and fees	183,689	-	-	-	183,689
Sales and services	1,200,637	-	-	-	1,200,637
Miscellaneous	125,783	1,533,505	-	-	1,659,288
Investment earnings	2,208	94	-	-	2,302
Total revenues	<u>7,915,837</u>	<u>1,533,599</u>	<u>9,431</u>	<u>25,000</u>	<u>9,483,867</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,249,134	-	-	-	1,249,134
Public safety	3,268,182	-	-	-	3,268,182
Public works	1,067,353	-	-	-	1,067,353
Environmental protection	665,301	-	-	-	665,301
Cultural and recreational	868,160	-	-	-	868,160
Capital outlay	-	71,454	11,789	-	83,243
Debt service:					
Principal	381,121	-	-	-	381,121
Interest	69,791	-	-	-	69,791
Total expenditures	<u>7,569,042</u>	<u>71,454</u>	<u>11,789</u>	<u>-</u>	<u>7,652,285</u>
Revenues over (under) expenditures	<u>346,795</u>	<u>1,462,145</u>	<u>(2,358)</u>	<u>25,000</u>	<u>1,831,582</u>
Other financing sources (uses):					
Proceeds from sale of capital assets	4,825	-	-	-	4,825
Transfer to golf fund	(82,591)	-	-	-	(82,591)
Transfer to capital project fund	(8,000)	-	8,000	-	-
Total other financing sources (uses)	<u>(85,766)</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>(77,766)</u>
Net change in fund balances	261,029	1,462,145	5,642	25,000	1,753,816
Fund balances, beginning of year	<u>4,164,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,164,667</u>
Fund balances, end of year	<u>\$ 4,425,696</u>	<u>\$ 1,462,145</u>	<u>\$ 5,642</u>	<u>\$ 25,000</u>	<u>\$ 5,918,483</u>

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



RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2015

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net changes in fund balances - total governmental funds \$ 1,753,816

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays was more than depreciation in the current period.

Capital outlay expenditures which were capitalized	\$ 541,861	
Depreciation expense for governmental assets	<u>(396,667)</u>	145,194

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		186,902
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Amount of donated assets	272,067	
Change in unavailable revenue for tax revenues	<u>(18,754)</u>	253,313

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.

Principal payments on long-term debt	381,121	
Decrease in accrued interest payable	<u>177</u>	381,298

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences used (accrued)	42,365	
Pension expense	(14,022)	
Net pension obligation (prepayment)	<u>(920)</u>	27,423

Total changes in net position of governmental activities		<u><u>\$ 2,747,946</u></u>
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TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Exhibit 6

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL – GENERAL FUND  
 For the year ended June 30, 2015

<b>General Fund</b>				
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 3,772,500	\$ 3,772,500	\$ 3,799,959	\$ 27,459
Other taxes and licenses	1,427,000	1,427,000	1,466,892	39,892
Unrestricted intergovernmental	689,500	689,500	846,418	156,918
Restricted intergovernmental	262,000	289,978	290,251	273
Permits and fees	153,200	153,200	183,689	30,489
Sales and services	1,180,045	1,180,045	1,200,637	20,592
Investment earnings	2,300	2,300	2,208	(92)
Miscellaneous	40,690	93,117	125,783	32,666
Total revenues	<u>7,527,235</u>	<u>7,607,640</u>	<u>7,915,837</u>	<u>308,197</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,293,754	1,274,057	1,249,134	24,923
Public safety	3,360,921	3,438,273	3,268,182	170,091
Public works	1,142,463	1,142,463	1,067,353	75,110
Environmental protection	695,411	695,411	665,301	30,110
Cultural and recreation	881,677	920,927	868,160	52,767
<b>Debt service:</b>				
Principal retirement	381,121	381,121	381,121	-
Interest and other charges	71,869	71,869	69,791	2,078
Total expenditures	<u>7,827,216</u>	<u>7,924,121</u>	<u>7,569,042</u>	<u>355,079</u>
Revenues over (under) expenditures	<u>(299,981)</u>	<u>(316,481)</u>	<u>346,795</u>	<u>663,276</u>
<b>Other financing sources (uses):</b>				
Appropriated fund balance	294,981	329,481	-	(329,481)
Proceeds from sale of fixed assets	5,000	5,000	4,825	(175)
Transfer to capital project fund	-	(8,000)	(8,000)	-
Transfer to capital reserve fund	-	(10,000)	(10,000)	-
Transfer to golf fund	-	-	(82,591)	(82,591)
Total other financing sources (uses)	<u>299,981</u>	<u>316,481</u>	<u>(95,766)</u>	<u>(412,247)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>251,029</u>	<u>\$ 251,029</u>
Fund balance, beginning of year			<u>3,889,667</u>	
Fund balance, end of year			<u>4,140,696</u>	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Transfer from general fund			<u>10,000</u>	
Fund balance, beginning of year (Capital Reserve Fund)			<u>275,000</u>	
Fund balance, end of year (Exhibit 4)			<u>\$ 4,425,696</u>	

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

PROPRIETARY FUNDS  
Statement of Fund Net Position  
June 30, 2015

	<b>Major Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Golf Course Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,845,396	\$ 1,000	\$ 1,846,396
Accounts receivable:			
Accounts receivable - billed, net	230,209	-	230,209
Accounts receivable - unbilled, net	132,395	-	132,395
Inventories	81,425	8,993	90,418
Prepaid items	10,525	896	11,421
Restricted cash and cash equivalents	84,007	-	84,007
Total current assets	<u>2,383,957</u>	<u>10,889</u>	<u>2,394,846</u>
Noncurrent assets:			
Net pension asset	33,940	13,575	47,515
Capital assets:			
Land and other non-depreciable assets	194,978	306,130	501,108
Other capital assets, net of depreciation	5,680,493	536,219	6,216,712
Capital assets, net	<u>5,875,471</u>	<u>842,349</u>	<u>6,717,820</u>
Total noncurrent assets	<u>5,909,411</u>	<u>855,924</u>	<u>6,765,335</u>
Total assets	<u>8,293,368</u>	<u>866,813</u>	<u>9,160,181</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	21,733	8,693	30,426
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	293,640	23,104	316,744
Deferred annual golf memberships	-	72,063	72,063
Accrued interest payable	9,008	966	9,974
Due to general fund	-	201,810	201,810
Customer deposits	84,007	-	84,007
Compensated absences, current	26,053	3,386	29,439
Revolving loans payable, current	110,331	-	110,331
Installment purchase, current	5,311	59,371	64,682
Total current liabilities	<u>528,350</u>	<u>360,700</u>	<u>889,050</u>
Noncurrent liabilities:			
Compensated absences	13,202	9,374	22,576
Revolving loans payable	1,645,532	-	1,645,532
Installment purchase	14,577	-	14,577
Total noncurrent liabilities	<u>1,673,311</u>	<u>9,374</u>	<u>1,682,685</u>
Total liabilities	<u>2,201,661</u>	<u>370,074</u>	<u>2,571,735</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	84,704	33,882	118,586
<b>NET POSITION</b>			
Net investment in capital assets	4,099,720	782,978	4,882,698
Unrestricted (deficit)	1,929,016	(311,428)	1,617,588
Total net position	<u>\$ 6,028,736</u>	<u>\$ 471,550</u>	<u>\$ 6,500,286</u>

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

PROPRIETARY FUNDS  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
For the year ended June 30, 2015

	<b>Major Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Golf Course Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,178,614	\$ -	\$ 1,178,614
Golf course revenue	-	500,854	500,854
Other	142,847	-	142,847
Miscellaneous	3,975	-	3,975
Total operating revenues	<u>1,325,436</u>	<u>500,854</u>	<u>1,826,290</u>
<b>OPERATING EXPENSES</b>			
Administration	244,456	522,164	766,620
Water system operations	697,901	-	697,901
Depreciation	220,701	74,237	294,938
Total operating expenses	<u>1,163,058</u>	<u>596,401</u>	<u>1,759,459</u>
Operating income (loss)	<u>162,378</u>	<u>(95,547)</u>	<u>66,831</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Capital contributions	1,197,500	-	1,197,500
Investment earnings	741	-	741
Interest on long-term debt	(55,638)	(2,107)	(57,745)
Transfer from general fund	-	82,591	82,591
Total nonoperating revenue (expenses)	<u>1,142,603</u>	<u>80,484</u>	<u>1,223,087</u>
Change in net position	<u>1,304,981</u>	<u>(15,063)</u>	<u>1,289,918</u>
Net position, beginning , as originally reported	4,772,888	506,267	5,279,155
Restatement (Note 4)	(49,133)	(19,654)	(68,787)
Net position, beginning, as restated	<u>4,723,755</u>	<u>486,613</u>	<u>5,210,368</u>
Net position, end of year	<u>\$ 6,028,736</u>	<u>\$ 471,550</u>	<u>\$ 6,500,286</u>

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

## TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

PROPRIETARY FUNDS  
Statement of Cash Flows  
For the year ended June 30, 2015

	<b>Major Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Golf Course Fund</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 1,327,273	\$ 500,159	\$ 1,827,432
Cash paid for goods and services	(545,238)	(294,946)	(840,184)
Cash paid to or on behalf of employees for services	(436,347)	(234,304)	(670,651)
Net cash provided (used) by operating activities	<u>345,688</u>	<u>(29,091)</u>	<u>316,597</u>
<b>Cash flows from noncapital and related financing activities:</b>			
Transfers from other funds	-	82,591	82,591
Decrease in due to other funds	-	(69,502)	(69,502)
Net cash provided by noncapital and related financing activities	<u>-</u>	<u>13,089</u>	<u>13,089</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition and construction of capital assets	(73,982)	(6,728)	(80,710)
Principal payment on long-term debt	(138,338)	(58,327)	(196,665)
Interest on long-term debt	(55,638)	(2,107)	(57,745)
Net cash used by capital and related financing activities	<u>(267,958)</u>	<u>(67,162)</u>	<u>(335,120)</u>
<b>Cash flows from investing activities:</b>			
Interest earned	741	-	741
Net cash provided by investing activities	<u>741</u>	<u>-</u>	<u>741</u>
Net increase (decrease) in cash and cash equivalents	78,471	(83,164)	(4,693)
Cash and cash equivalents, beginning of year	1,850,932	84,164	1,935,096
Cash and cash equivalents, end of year	<u>\$ 1,929,403</u>	<u>\$ 1,000</u>	<u>\$ 1,930,403</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 162,378	\$ (95,547)	\$ 66,831
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	220,701	74,237	294,938
Pension expense	1,631	653	2,284
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(21,425)	-	(21,425)
(Increase) decrease in inventory	(8,249)	(2,497)	(10,746)
(Increase) decrease in prepaid items	(10,525)	(896)	(11,421)
Increase (decrease) in accounts payable and accrued liabilities	(6,276)	(3,623)	(9,899)
Increase (decrease) in deferred annual golf memberships	-	(695)	(695)
Increase (decrease) in compensated absences	5,924	7,970	13,894
Increase (decrease) in customer deposits	23,262	-	23,262
(Increase) decrease in deferred outflow of resources for pensions	(21,733)	(8,693)	(30,426)
Total adjustments	<u>183,310</u>	<u>66,456</u>	<u>249,766</u>
Net cash provided (used) by operating activities	<u>\$ 345,688</u>	<u>\$ (29,091)</u>	<u>\$ 316,597</u>

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

FIDUCIARY FUND  
 Statement of Fiduciary Net Position  
 June 30 2015

	<u>Supplemental Pension Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 135,210
<b>NET POSITION</b>	
Assets held for pension benefits	\$ 135,210

FIDUCIARY FUND  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2015

	<u>Supplemental Pension Fund</u>
<b>ADDITIONS</b>	
Employer contributions	\$ 43,515
Investment income:	
Interest	25
<b>DEDUCTIONS</b>	
Benefits	31,529
Change in net position	12,011
Net position, beginning of year	123,199
Net position, end of year	<u>\$ 135,210</u>

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the year ended June 30, 2015

**Note 1 – Summary of Significant Accounting Policies**

The accounting policies of the Town of Black Mountain and its discretely presented component unit conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

A. Reporting Entity

The Town of Black Mountain is a municipal corporation which is governed by an elected mayor and a five member board of aldermen. 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.

Town of Black Mountain ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Black Mountain ABC Board, Highway 9, Black Mountain, NC 28711.

B. Basis of Presentation

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government and its component unit. 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, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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



exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

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 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, street maintenance and construction, and sanitation services. Additionally, the Town has legally adopted a Capital Reserve Fund. Under GASB 54 guidance the Capital Reserve Fund is consolidated in the General Fund. The budgetary comparison for the Capital Reserve Fund has been included in the supplemental information.

*Settings Capital Project Fund* – This fund is used to account for surety bond settlement proceeds received and payments made to construct infrastructure in the Settings Development and administrative costs. When complete, assets will not be owned by the Town.

*Comprehensive Bike Plan Capital Project Fund* – This fund is used to account for funds that are restricted for use for a capital project ongoing in the Town.

*Watershed Restoration Capital Project Fund* – This fund is used to account for funds that are restricted for use for a capital project ongoing in the Town.

The Town reports the following major enterprise funds:

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

*Golf Course Fund* – This fund is used to account for the Town’s operation of a municipal golf course.

The Town reports the following fund type:

*Supplemental Pension Fund* – The Town has a Supplemental Pension Fund, the Special Separation Allowance Fund, that accounts for the Law Enforcement Officers’ Special Separation Allowance. The balances in this fund have been omitted from the government-wide financial statements.

#### 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 and 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.

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 system. Operating expenses for the enterprise

fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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. These 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.

Sales taxes, and certain intergovernmental revenues, such as 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 Black Mountain because the tax is levied by Buncombe County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for a specific purpose, 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 Capital Reserve Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. A project ordinance is adopted for the Comprehensive Bike Plan Capital Project Fund, the Settings Capital Project Fund, and the Watershed Restoration Capital Project Fund.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. The Town Manager is authorized by the budget ordinance to transfer appropriations between departmental areas within a fund up to 5% of each fund; however, any revisions that alter the total expenditures of any fund or that change departmental appropriations by more than 5% of each fund 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 Equity1. Deposits and Investments

All deposits of the Town and of the ABC Board are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and ABC Board 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 ABC Board 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 ABC Board's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

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 ABC Board considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

The unexpended balance of grant funds are classified as restricted assets for the general fund because their use is completely restricted to the purpose for which the grants were intended. The unexpended balance of forfeiture funds for Public Safety are classified as restricted assets for the general fund because their use is completely restricted to the purpose for which the funds were intended. In addition, customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purpose of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

Town of Black Mountain Restricted Cash

## Governmental Activities

## General Fund

Streets	\$ 144,506
Public safety	54,780

## Comprehensive Bike Plan Capital Project Fund

Unexpended grant funds	6,050
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## Settings Capital Project Fund

Unexpended surety bond settlement proceeds	1,462,145
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## Watershed Restoration Capital Project Fund

Unexpended grant funds	25,000
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Total governmental activities	<u>1,692,481</u>
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## Business-type Activities

## Water Fund

Customer deposits	84,007
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Total Restricted Cash	<u>\$ 1,776,488</u>
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2014. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

The inventories of the Town's Golf Fund and the ABC Board consists of materials and supplies held for subsequent resale. The cost of these inventories is expensed when consumed rather than when purchased.

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of one year. Minimum capitalization costs are \$5,000 for all capital assets, with the exception of the following, which are capital assets regardless of value: assets deemed to be an improvement to the water distribution system and golf carts. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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
Buildings	50
Water distribution system improvements	30
Building and land improvements	15
Furniture and fixtures	10
Automobiles	5
Equipment (non-computer, including golf carts)	5
Computer equipment	3
Computer software	3

Property, plant, and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Asset Class	Estimated Useful Lives
Buildings and improvements	40
Equipment	5 - 10

#### 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, contributions made to the pension plan in the 2015 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 significant items that meet the criterion for this category –prepaid business licenses, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

#### 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.

In fund financial statements, the face amount of debt issued is reported as other financing sources.

#### 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 portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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 has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

#### 11. Net Position/Fund Balances

##### Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

##### Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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



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

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

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

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

Restricted for public safety – portion of fund balance that represents forfeiture funds restricted for public safety.

Restricted for capital projects – portion of fund balance that is restricted by revenue source for Town improvements.

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

Assigned fund balance – portion of fund balance that the Town of Black Mountain intends to use for specific purposes. Unassigned fund balance may be assigned by the Board of Alderman or the Town Manager for specific purposes through the budget process or agenda items.

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 Board of Aldermen approves the appropriation.

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

The Town of Black 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, town funds. For purposes of fund balance classification, expenditures are typically 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 Black 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 30.5% of budgeted expenditures. Any portion of the general fund balance in excess of 30.5% 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. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government 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 Black Mountain’s employer contributions are recognized when and due and the Town of Black 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.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from the FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## Note 2 – Detail Notes on All Funds

### A. Assets

#### 1. Deposits

All the deposits of the Town and the ABC Board are either insured or collateralized 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 ABC Board's agent 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 ABC Board, these deposits are considered to be held by the Town's and the ABC Board'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 ABC Board, or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town and the ABC Board under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town and the ABC Board have no formal policy regarding custodial credit risk for deposits, but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town and the ABC Board complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2015, the Town's deposits had a carrying amount of \$1,130,663 and a bank balance of \$1,215,142. Of the bank balance, \$352,250 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the ABC Board was \$302,822 and the bank balance was \$345,138. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

The Town and the ABC Store also had cash on hand at June 30, 2015 of \$3,350 and \$1,500, respectively.

#### 2. Investments

At June 30, 2015, the Town of Black Mountain had \$6,066,253 with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's.

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

Credit Risk – The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible rating whenever particular types of securities are rated.

At June 30, 2015, the ABC Board held no investments.

3. Reconciliation of Cash and Cash Equivalents

A reconciliation of cash and cash equivalents as shown on the government-wide statement of net position and fiduciary fund are as follows:

Reported value of deposits	\$ 1,130,663
Petty cash	3,350
Fair value of investments	<u>6,066,253</u>
	<u>\$ 7,200,266</u>
Cash and cash equivalents (Statement of Net Position)	\$ 5,288,568
Cash and cash equivalents, restricted (Statement of Net Position)	1,776,488
Cash and cash equivalents (Fiduciary Fund)	<u>135,210</u>
	<u>\$ 7,200,266</u>

4. Receivables – Allowances for Doubtful Accounts

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Position does not include any penalties levied or outstanding. The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2015 are net of the following allowances for doubtful accounts:

	<u>June 30, 2015</u>
General Fund:	
Allowance for uncollectible property taxes	\$ 9,707
Water Fund:	
Allowance for uncollectible water receivables	<u>89,144</u>
Total allowance for uncollectible accounts	<u>\$ 98,851</u>

5. Capital Assets**Primary Government**

Capital asset activity for the primary government for the year ended June 30, 2015, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,485,062	\$ -	\$ -	\$ 3,485,062
Construction in process	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>3,485,062</u>	<u>-</u>	<u>-</u>	<u>3,485,062</u>
<b>Capital assets being depreciated:</b>				
Buildings	4,978,384	211,430	-	5,189,814
Land improvements	2,394,448	443,868	-	2,838,316
Furniture and fixtures	228,662	-	-	228,662
Equipment	868,292	13,531	-	881,823
Automobiles	<u>2,716,644</u>	<u>145,099</u>	<u>28,649</u>	<u>2,833,094</u>
Total capital assets being depreciated	<u>11,186,430</u>	<u>813,928</u>	<u>28,649</u>	<u>11,971,709</u>



**Less accumulated depreciation for:**

Buildings	1,515,421	106,220	-	1,621,641
Land improvements	813,647	139,696	-	953,343
Furniture and fixtures	204,656	4,703	-	209,359
Equipment	758,741	46,347	-	805,088
Automobiles	2,345,015	99,701	28,649	2,416,067
Total accumulated depreciation	<u>5,637,480</u>	<u>396,667</u>	<u>28,649</u>	<u>6,005,498</u>
Total capital assets being depreciated, net	<u>5,548,950</u>			<u>5,966,211</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 9,034,012</u>			<u>\$ 9,451,273</u>

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

General government	\$ 52,511
Public safety	112,504
Transportation	130,721
Environmental protection	10,371
Economic development	14,957
Cultural and recreational	75,603
Total depreciation expense	<u>\$ 396,667</u>

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
	<u>Balances</u>			<u>Balances</u>
<b>Business-type activities:</b>				
<i>Water Fund</i>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 175,645	\$ -	\$ -	\$ 175,645
Construction in process	-	19,333	-	19,333
Total capital assets not being depreciated	<u>175,645</u>	<u>19,333</u>	<u>-</u>	<u>194,978</u>
<b>Capital assets being depreciated:</b>				
Land improvements	3,440,407	-	-	3,440,407
Reservoir and treatment systems	3,549,820	1,229,472	-	4,779,292
Buildings	12,060	-	-	12,060
Sewer lines	1,119,781	-	-	1,119,781
Equipment	226,220	-	-	226,220
Automobiles	174,311	22,675	-	196,986
Total capital assets being depreciated	<u>8,522,599</u>	<u>1,252,147</u>	<u>-</u>	<u>9,774,746</u>
<b>Less accumulated depreciation for:</b>				
Land improvements	742,564	86,335	-	828,899
Reservoir and treatment systems	2,662,278	82,053	-	2,744,331
Buildings	2,470	241	-	2,711
Sewer lines	111,869	37,326	-	149,195
Equipment	180,060	11,777	-	191,837
Automobiles	174,311	2,969	-	177,280
Total accumulated depreciation	<u>3,873,552</u>	<u>220,701</u>	<u>-</u>	<u>4,094,253</u>
Total capital assets being depreciated, net	<u>4,649,047</u>			<u>5,680,493</u>
Water fund capital assets, net	<u>4,824,692</u>			<u>5,875,471</u>

*Golf Fund***Capital assets not being depreciated:**

Land	306,130	-	-	306,130
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**Capital assets being depreciated:**

Land improvements	834,766	-	-	834,766
Buildings	484,523	-	-	484,523
Furniture and fixtures	18,172	-	-	18,172
Equipment	280,397	6,730	-	287,127
Golf carts	275,800	-	-	275,800
Automobiles	20,127	-	-	20,127
Total capital assets being depreciated	<u>1,913,785</u>	<u>6,730</u>	<u>-</u>	<u>1,920,515</u>

**Less accumulated depreciation for:**

Land improvements	775,183	9,129	-	784,312
Buildings	169,056	9,624	-	178,680
Furniture and fixtures	12,559	709	-	13,268
Equipment	254,334	15,375	-	269,709
Golf carts	78,800	39,400	-	118,200
Automobiles	20,127	-	-	20,127
Total accumulated depreciation	<u>1,310,059</u>	<u>74,237</u>	<u>-</u>	<u>1,384,296</u>
Total capital assets being depreciated, net	<u>603,726</u>			<u>536,219</u>
Golf fund capital assets, net	<u>909,856</u>			<u>842,349</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 5,734,548</u>			<u>\$ 6,717,820</u>

**Discretely presented component unit:**

Activity for the ABC Board for the year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital assets not being depreciated:</b>				
Land	\$ 66,737	\$ -	\$ -	\$ 66,737
Total capital assets not being depreciated	<u>66,737</u>	<u>-</u>	<u>-</u>	<u>66,737</u>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	184,405	6,590	-	190,995
Equipment	51,516	-	-	51,516
Total capital assets being depreciated	<u>235,921</u>	<u>6,590</u>	<u>-</u>	<u>242,511</u>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	131,489	6,282	-	137,771
Equipment	33,637	2,628	-	36,265
Total accumulated depreciation	<u>165,126</u>	<u>8,910</u>	<u>-</u>	<u>174,036</u>
Total capital assets being depreciated, net	<u>70,795</u>			<u>68,475</u>
<b>ABC Board capital assets, net</b>	<u>\$ 137,532</u>			<u>\$ 135,212</u>

**B. Liabilities**1. Pension Plan Obligationsa. Local Government Employees' Retirement System

*Plan Description.* The Town of Black Mountain is a participating employers 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 governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

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

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

*Contributions* – Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Black Mountain employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Black Mountain's contractually required contribution rate for the year ended June 30, 2015, was 7.15% of compensation for law enforcement officers and 6.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from The Town of Black Mountain were \$217,328 for the year ended June 30, 2015. Contributions to the pension plan from the Black Mountain ABC Board were \$7,754 for the year ended June 30, 2015.

*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, 2015, the Town reported an asset of \$339,399 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of

December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset 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, 2014, the Town's proportion was 0.05754%, which was a decrease of 0.00086% from its proportion measured as of June 30, 2013. The Black Mountain ABC Board did not record its proportionate share of the net pension asset at June 30, 2015 because management determined these amounts to be immaterial.

For the year ended June 30, 2015, the Town recognized pension expense of \$16,306. At June 30, 2015, 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	\$ -	\$ 37,085
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	790,113
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	19,844
Town contributions subsequent to the measurement date	<u>217,328</u>	<u>-</u>
Total	<u>\$ 217,328</u>	<u>\$ 847,042</u>

\$217,328 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2016	\$ (211,796)
2017	(211,796)
2018	(211,796)
2019	(211,654)
2020	-
Thereafter	<u>-</u>
	<u>\$ (847,042)</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 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 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

*Discount rate* – The discount rate used to measure the total pension liability was 7.25%. 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 asset to changes in the discount rate* – The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's Proportionate share of the net Pension liability (asset)	\$ 1,152,067	\$ (339,399)	\$ (1,595,165)

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



b. Law Enforcement Officers' Special Separation Allowance1. *Plan Description*

The Town administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85% 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 increase 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. The Separation Allowance is reported in the Town's report as a pension trust fund. All full-time law enforcement officers of the Town are covered by the Separation Allowance.

At December 31, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>18</u>
Total	<u><u>20</u></u>

A separate report was not issued for the plan.

2. *Summary of Significant Accounting Policies*

*Basis of Accounting* – Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

*Method Used to Value Investments* – Investments are reported at fair value. Short-term money market debt instruments, deposits and repurchase agreements, are reported at cost or amortized cost, which approximates fair value.

3. *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 by making annual contributions based on actuarial valuations. For the current year, the Town contributed \$43,515 or 5.56% of annual covered payroll. 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 annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2014 was 16

years.

4. *Annual Pension Cost and Net Pension (Asset)* – The Town’s annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contributions	\$ 43,515
Interest on net pension obligation	(1,333)
Adjustment to annual required contribution	<u>2,253</u>
Annual pension cost	44,435
Contributions made	<u>43,515</u>
(Increase) decrease in net pension asset	920
Net pension asset, beginning of fiscal year	<u>(26,669)</u>
Net pension asset, end of fiscal year	<u><u>\$ (25,749)</u></u>

#### 3 Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
2013	\$ 35,741	99.05%	\$ (27,535)
2014	37,036	97.66%	(26,669)
2015	44,435	97.93%	(25,749)

#### 5. *Funded Status and Funding Progress*

As of December 31, 2014, the most recent actuarial valuation date, the plan was 33.46 percent funded. The actuarial accrued liability for benefits was \$498,259, and the actuarial value of assets was \$166,720, resulting in an unfunded actuarial accrued liability (UAAL) of \$331,539. The covered payroll (annual payroll of active employees covered by the plan) was \$781,852, and the ratio of the UAAL to the covered payroll was 42.40 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### c. Supplemental Retirement Income Plan for Law Enforcement Officers (and general employees)

*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 and general employees 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 and general employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$286,008, which consisted of \$154,618 from the Town and \$131,390 from the law enforcement officers and general employees.

d. Fireman's and Rescue Squad Workers' Pension Fund

*Plan Description* – The State of North Carolina contributes, on behalf of the Town of Black Mountain, to the Firemen's and Rescue Squad Worker's Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firemen's and Rescue Squad Worker's Pension Fund 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 the Fund. That report may be obtained by writing to the Officer of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Benefits Provided* - FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

*Contributions* - Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly.

*Refunds of Contributions* – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

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

At June 30, 2015, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$12,331. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 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 contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2014 and at June 30, 2013 was 0%.

For the year ended June 30, 2015, the Town recognized pension expense of \$4,636 and revenue of \$4,636 for support provided by the State. At June 30, 2015, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.



*Actuarial Assumptions* - The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

*Discount rate* - The discount rate used to measure the total pension liability was 7.25%. 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.

*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.

e. Other Postemployment Benefits

*Plan Description* – The postemployment healthcare benefits are provided through a cost-sharing, multiple-employer defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the Plan). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employees and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the State's Comprehensive Major Medical Plan (also, referred to as the State Health Plan). An electronic version of this report is available by accessing the North Carolina Office of the State Controller's internet home page <http://www.ncosc.net> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 891-5454.

*Funding Policy* – The comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establishes premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October

1, 2006, the healthcare benefits are provided to retirees (at no charge to retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2015, 2014, and 2013, the Town paid all required contributions to the Plan for postemployment healthcare benefits of \$174,283, \$161,170, and \$150,143, respectively. These contributions represented 5.49%, 5.40%, and 5.30% of covered payroll, respectively.

## 2. Other Employment Benefit

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. 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. The Town considers these contributions to be immaterial.

## 3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end represents contributions to the pension plan in the current fiscal year in the amount of \$217,328.

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

Pension deferrals	\$ 847,042
Taxes receivable – net (General Fund)	11,265
Other (General Fund)	<u>16,327</u>
Total	<u>\$ 874,634</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 has insurance through a commercial company for workers' compensation coverage of \$1 million per occurrence. The Town has general liability and auto liability through commercial companies for single occurrence claims up to \$2 million with general aggregate limit of \$4 million and property coverage in excess of \$10 million.

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

The Town does not carry any additional flood insurance.

The Town of Black Mountain ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The ABC Board has property, general liability, auto liability, workers' compensation and employee health coverage. The ABC Board also has liquor legal liability coverage. There have been no significant

reductions in insurance coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

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 is bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$50,000.

5. Operating Leases

In the current year, the Town was obligated under three operating leases for equipment which contain cancellation provisions and are subject to annual appropriations. For the reporting period, rent expenditures were \$74,241. These expenditures were made from the General Fund and Golf Fund.

The Town has entered into a lease and operating agreement with the Black Mountain Center for the Arts (Center), upon purchase of the art center building by the Town. The agreement was executed on August 14, 2003 for lease of the building, which requires \$1 annually for a period of twenty-five (25) years. As part of the agreement, the Center will have sole responsibility for the management, operation and programming of the arts center building.

6. Long-Term Obligations

a. Installment Purchase Notes

Serviced by the General Fund:

\$414,959 bank note due in quarterly installments of \$10,508 including interest through January 2024; interest is at 2.97%, for renovation of Town pool. Original amount of note was \$500,000 with interest at 3.91%. Note was refinanced in April 2012. Defeasance of debt from this refinance resulted in no unamortized differences. \$ 322,815

\$1,890,000 bank note due in annual installments of \$126,000 plus interest through October 2026; interest is at 3.07%, for purchase of Town property. Original amount of note was \$2,100,000 with interest at 4.92%. Note was refinanced in April 2012. Defeasance of debt from this refinance resulted in no unamortized differences. 1,512,000

\$248,000 bank note due in semi-annual installments of \$26,283, including interest at 2.14%, through November 2015, for the purchase of Town vehicles. 26,005

\$129,033 bank note due in quarterly installments of \$4,558 including interest at 4.34% through October 2018, for the purchase of the Arts Center Building. 58,661

\$150,000 bank note due in annual installments of \$51,801 including interest at 1.79% through October 2015, for purchase of a Pumper/Tanker Fire Truck. 50,890

Total \$ 1,970,371

Serviced by the Water Fund:

\$43,011 bank note due in quarterly installments of \$1,519, including interest at 4.34% through October 2018, for the purchase of a water tank site. \$ 19,888

Serviced by the Golf Fund:

\$175,000 bank note due in annual installments of \$60,434 including interest at 1.79% through June 2016 for purchase of 72 golf carts. \$ 59,371

Future minimum payments of the installment purchase notes as of June 30, 2015, including interest, are as follows:

Year Ending <u>June 30</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 251,634	\$ 59,131	\$ 64,682	\$ 1,829
2017	176,428	52,386	5,546	532
2018	178,176	46,769	5,790	288
2019	170,572	41,139	3,241	49
2020	162,928	36,048	-	-
2021-2025	707,216	106,386	-	-
2026-2030	<u>323,417</u>	<u>11,606</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,970,371</u>	<u>\$ 353,465</u>	<u>\$ 79,259</u>	<u>\$ 2,698</u>

b. Revolving Loans

Serviced by the Water Fund:

\$991,540 federal revolving loan with interest due semiannually at 4.02%. Principal due in annual installments of \$52,186 beginning May 2013 through May 2032, for replacement of water lines. \$ 834,981

\$974,345 federal revolving loan with interest due semiannually at 2.22%. Principal due in annual installments of \$48,717 through May 2030, for the extension of sewer lines. 779,475

\$188,543 federal revolving loan payable due in annual installments of \$9,927, with 0% interest, for storm water project at Lake Tomahawk. 141,407

Total \$ 1,755,863

Future minimum payments of the revolving loans as of June 30, 2015, including interest, are as follows:

Year Ending <u>June 30</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 110,331	\$ 50,871
2017	110,331	47,691
2018	110,331	44,512
2019	110,331	41,332
2020	110,331	38,153
2021-2025	551,653	143,114
2026-2030	551,653	63,588
2031-2032	<u>100,903</u>	<u>2,098</u>
Total	<u>\$ 1,755,864</u>	<u>\$ 431,359</u>

At June 30, 2015, the Town of Black Mountain had a legal debt margin of approximately \$70,000,000.

c. Changes in Long-Term Liabilities

	Balance July 1, 2014	Increase	Decrease	Balance June 30, 2015	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 2,351,492	\$ -	\$ 381,121	\$ 1,970,371	\$ 251,634
Compensated absences	352,365	143,095	185,460	310,000	147,340
Net pension liability (LGERS)	<u>605,392</u>	<u>-</u>	<u>605,392</u>	<u>-</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 3,309,249</u>	<u>\$ 143,095</u>	<u>\$ 1,171,973</u>	<u>\$ 2,280,371</u>	<u>\$ 398,974</u>
Business-type activities:					
Installment purchases	\$ 165,593	\$ -	\$ 86,334	\$ 79,259	\$ 64,682
Revolving loans	1,866,194	-	110,331	1,755,863	110,331
Compensated absences	38,121	43,333	29,439	52,015	29,439
Net pension liability (LGERS)	<u>98,552</u>	<u>-</u>	<u>98,552</u>	<u>-</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 2,168,460</u>	<u>\$ 43,333</u>	<u>\$ 324,656</u>	<u>\$ 1,887,137</u>	<u>\$ 204,452</u>

Compensated absences typically have been liquidated in the general fund.

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

**C. Interfund Balances and Activity****Balances due to/(from) the General Fund at June 30, 2015, consist of the following:**

From the Golf Course Fund to cover negative cash balances	\$ 81,810
From the Golf Course Fund for advances to prior management company	<u>120,000</u>
	<u>\$ 201,810</u>

**Transfers to/(from) the General Fund at June 30, 2015, consist of the following:**

To the Comprehensive Bike Plan Capital Project Fund to fund the matching portion of grant funds received.	\$ (8,000)
To the Golf Fund to forgive a portion of interfund balances.	<u>(82,591)</u>
Total	<u>\$ (90,591)</u>

**D. Fund Balance**

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

Total fund balance – General Fund	\$ 4,425,696
Less:	
Inventories	2,606
Prepaid items	56,639
Stabilization by State statute	916,501
Streets – Powell Bill	144,506
Public safety	54,780
Capital reserve fund	285,000
Appropriated fund balance in FY 2016 budget	256,661
Working capital / fund balance policy	<u>2,416,857</u>
Remaining fund balance	<u>\$ 292,146</u>

The Town of Black Mountain has adopted a minimum fund balance policy for the General Fund which instructs management to conduct business of the Town in such a manner that available fund balance is at least equal to or greater than 30.5% of budgeted expenditures.

The Town had no outstanding encumbrances related to purchase orders and contracts that remained unperformed at year-end.

**Note 3 – Summary Disclosure of Significant Contingencies**Federal and State Assisted Programs

The Town has received 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 monies.

**Note 4 – Change in Accounting Principles/Restatement**

The Town implemented Governmental Accounting Standards Board (GASB) statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the Town to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$422,550 and \$68,787, respectively.

**REQUIRED SUPPLEMENTAL FINANCIAL DATA**

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
		Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)			
12/31/07	100,767	325,880	225,113	31%	691,081	32.6%
12/31/08	107,265	310,239	202,974	35%	725,516	28.0%
12/31/09	113,108	397,102	283,994	28%	730,745	38.9%
12/31/10	138,547	352,703	214,156	39%	729,638	29.4%
12/31/11	154,674	419,213	264,539	37%	718,677	36.8%
12/31/12	151,564	460,237	308,673	33%	730,888	42.2%
12/31/13	164,256	482,740	318,484	34%	719,524	44.3%
12/31/14	166,720	498,259	331,539	33%	781,852	42.4%

**Schedule of Employer Contributions**

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2010	26,980	103.0%
2011	36,157	100.0%
2012	31,087	100.0%
2013	35,400	100.0%
2014	36,170	100.0%
2015	43,515	100.0%



**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
 REQUIRED SUPPLEMENTARY INFORMATION  
 LAST TWO FISCAL YEAR'S \*

Local Government Employees' Retirement System

	2015	2014
Town's proportionate share of the net pension liability (asset) (%)	0.05754%	0.05840%
Town's proportion of the net pension liability (asset) (\$)	\$ (339,399)	\$ 703,944
Town's covered-employee payroll	3,130,403	2,985,663
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	( 10.84%)	23.58%
Plan fiduciary net position as a percentage of the total pension liability **	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 BLACK MOUNTAIN, NORTH CAROLINA**

**SCHEDULE OF TOWN'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS**

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 217,328	\$ 212,607
Contribution in relation to the contractually required contribution	<u>217,328</u>	<u>212,607</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 3,130,403	\$ 2,985,663
Contributions as a percentage of covered- employee payroll	6.94%	7.12%

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

**TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST FISCAL YEAR \***

Firefighter's and Rescue Squad Workers' Pension

	<u>2015</u>
Town's proportionate share of the net pension liability (asset) (%)	0.00000%
Town's proportion of the net pension liability (asset) (\$)	\$ -
State's proportionate share of the net pension liability associated with the Town	<u>12,331</u>
Total	<u>\$ 12,331</u>
Town's covered-employee payroll	\$ 824,962
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.49%
Plan fiduciary net position as a percentage of the total pension liability	93.42%

\* The amounts presented for each fiscal year ending June 30, 2015 were determined as of June 30, 2014.

**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

GENERAL FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Current year taxes	\$ 3,502,583	\$ 3,579,901	\$ 77,318
Prior year taxes	38,500	13,484	(25,016)
DMV taxes	219,417	195,802	(23,615)
Penalties and interest	12,000	10,772	(1,228)
	<u>3,772,500</u>	<u>3,799,959</u>	<u>27,459</u>
Other Taxes and Licenses:			
Privilege licenses	38,000	21,486	(16,514)
Automobile license	36,000	34,580	(1,420)
Rental tax	1,000	861	(139)
Local option sales tax	1,352,000	1,409,965	57,965
	<u>1,427,000</u>	<u>1,466,892</u>	<u>39,892</u>
Unrestricted Intergovernmental:			
Franchise tax	335,000	491,426	156,426
Beer and wine taxes	36,000	38,918	2,918
Telecommunications tax	90,000	76,585	(13,415)
Piped natural gas	20,000	36,342	16,342
NC fire tax	21,000	19,833	(1,167)
ABC profit distribution	54,000	54,000	-
Video program tax	126,000	122,553	(3,447)
Solid waste disposal tax	5,000	5,181	181
Controlled substances tax	2,500	1,580	(920)
	<u>689,500</u>	<u>846,418</u>	<u>156,918</u>
Restricted Intergovernmental:			
Powell Bill allocation	240,000	239,393	(607)
ABC revenue for law enforcement	10,000	11,200	1,200
BCAT program funds	22,978	22,978	-
Community recreation grant	5,000	5,000	-
Senior center development grant	12,000	11,680	(320)
	<u>289,978</u>	<u>290,251</u>	<u>273</u>
Permits and Fees:			
Court costs, fees, etc.	1,200	981	(219)
Stormwater permits	1,000	7,956	6,956
Building permits (zoning)	151,000	174,752	23,752
	<u>153,200</u>	<u>183,689</u>	<u>30,489</u>
Sales and Services:			
Rents	26,300	39,431	13,131
Fire protection charges	849,000	864,942	15,942
Recreation admissions and concessions	147,655	139,174	(8,481)
Administrative support - enterprise funds	157,090	157,090	-
	<u>1,180,045</u>	<u>1,200,637</u>	<u>20,592</u>

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

GENERAL FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Miscellaneous:			
Montreat dispatchers	18,690	<b>17,800</b>	(890)
Miscellaneous	74,427	<b>107,983</b>	33,556
	93,117	<b>125,783</b>	32,666
Investment earnings	2,300	<b>2,208</b>	(92)
Total revenues	7,607,640	<b>7,915,837</b>	308,197
Expenditures:			
General government:			
Governing board:			
Salaries and employee benefits		<b>44,190</b>	
Other departmental expenses		<b>94,957</b>	
Total governing board	162,524	<b>139,147</b>	23,377
Administration:			
Salaries and employee benefits		<b>449,555</b>	
Operating expenses		<b>158,534</b>	
Professional fees		<b>28,803</b>	
Total administration	636,155	<b>636,892</b>	(737)
Public buildings:			
Operating expenses		<b>442,689</b>	
Capital outlay		<b>30,406</b>	
Total public buildings	475,378	<b>473,095</b>	2,283
Total general government	1,274,057	<b>1,249,134</b>	24,923
Public safety:			
Police department:			
Salaries and employee benefits		<b>1,329,076</b>	
Operating expenses		<b>263,666</b>	
Capital outlay		<b>28,942</b>	
Total police	1,730,830	<b>1,621,684</b>	109,146
Fire department:			
Salaries and employee benefits		<b>1,133,675</b>	
Operating expenses		<b>167,686</b>	
Capital outlay		<b>39,125</b>	
Total fire	1,393,368	<b>1,340,486</b>	52,882
Inspections:			
Salaries and employee benefits		<b>264,000</b>	
Operating expenses		<b>42,012</b>	
Total inspections	314,075	<b>306,012</b>	8,063
Total public safety	3,438,273	<b>3,268,182</b>	170,091

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

GENERAL FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Public works:			
Garage:			
Salaries and employee benefits		193,457	
Operating expenses		31,392	
Total garage	231,330	224,849	6,481
Street repair and construction:			
Salaries and employee benefits		268,621	
Other operating expenses		300,220	
Capital outlay		273,663	
Total streets	911,133	842,504	68,629
Total public works	1,142,463	1,067,353	75,110
Environmental protection:			
Operating expenses		4,302	
Contracted services		536,615	
Tipping fees		124,384	
Total environmental protection	695,411	665,301	30,110
Cultural and recreational:			
Parks and recreation:			
Salaries and employee benefits		397,911	
Other operating expenses		300,523	
Capital outlay		169,726	
Total cultural and recreational	920,927	868,160	52,767
Debt service:			
Principal retirement		381,121	
Interest and fees		69,791	
Total debt service	452,990	450,912	2,078
Total expenditures	7,924,121	7,569,042	355,079
Revenues over (under) expenditures	(316,481)	346,795	663,276
Other financing sources (uses):			
Appropriated fund balance	329,481	-	(329,481)
Proceeds from sale of fixed assets	5,000	4,825	(175)
Transfer to golf fund	-	(82,591)	(82,591)
Transfer to capital project fund	(8,000)	(8,000)	-
Transfer to capital reserve fund	(10,000)	(10,000)	-
Total other financing sources (uses)	316,481	(95,766)	(412,247)
Revenues and other sources over expenditures and other uses	\$ -	251,029	\$ 251,029
Fund balance, beginning of year		3,889,667	
Fund balance, end of year		\$ 4,140,696	

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

**CAPITAL RESERVE FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the year ended June 30, 2015

	Final Budget	Actual	Variance Positive (Negative)
Other Financing Sources (Uses):			
Transfer from general fund	\$ 10,000	\$ 10,000	\$ -
Transfer to general fund	(10,000)	-	10,000
Total other financing sources (uses)	\$ -	10,000	\$ 10,000
Fund balance, beginning of year		275,000	
Fund balance, end of year		\$ 285,000	



**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

**SETTINGS CAPITAL PROJECT FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
From inception and for the year ended June 30, 2015

	<u>Actual through June 30, 2015</u>				Variance Positive (Negative)
	<u>Project Authorization</u>	<u>Reported in prior years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Surety bond settlement	\$ 102,455	\$ -	\$ 1,533,505	\$ 1,533,505	\$ 1,431,050
Investment earnings	-	-	94	94	94
Total revenues	<u>102,455</u>	<u>-</u>	<u>1,533,599</u>	<u>1,533,599</u>	<u>1,431,144</u>
Expenditures:					
Professional services	<u>102,455</u>	<u>-</u>	<u>71,454</u>	<u>71,454</u>	<u>31,001</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>1,462,145</u>	<u>\$ 1,462,145</u>	<u>\$ 1,462,145</u>
Fund balance, beginning of year			<u>-</u>		
Fund balance, end of year			<u>\$ 1,462,145</u>		

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

**COMPREHENSIVE BIKE PLAN CAPITAL PROJECT FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
From inception and for the year ended June 30, 2015

	<b>Actual through June 30, 2015</b>				Variance Positive (Negative)
	Project Authorization	Reported in prior years	Current Year	Total to Date	
Revenues:					
State grants	\$ 32,000	\$ -	\$ 9,431	\$ 9,431	\$ (22,569)
Expenditures:					
Professional services	40,000	-	11,789	11,789	28,211
Revenues under expenditures	(8,000)	-	(2,358)	(2,358)	5,642
Other financing sources:					
Transfer from general fund	8,000	-	8,000	8,000	-
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>5,642</u>	<u>\$ 5,642</u>	<u>\$ 5,642</u>
Fund balance, beginning of year			<u>-</u>		
Fund balance, end of year			<u>\$ 5,642</u>		

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

**WATERSHED RESTORATION CAPITAL PROJECT FUND**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
From inception and for the year ended June 30, 2015

	<b>Actual through June 30, 2015</b>				Variance Positive (Negative)
	Project Authorization	Reported in prior years	Current Year	Total to Date	
Revenues:					
Local grants	\$ 25,000	\$ -	\$ 25,000	\$ 25,000	\$ -
Expenditures:					
Professional services	25,000	-	-	-	25,000
Revenues over expenditures	\$ -	\$ -	25,000	\$ 25,000	\$ 25,000
Fund balance, beginning of year			-		
Fund balance, end of year			\$ 25,000		

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

**WATER FUND**

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services	\$ 1,184,000	\$ 1,178,614	\$ (5,386)
Other	147,627	142,847	(4,780)
Miscellaneous	1,200	3,975	2,775
Total operating revenues	1,332,827	1,325,436	(7,391)
Nonoperating revenues:			
Investment earnings	1,200	741	(459)
Total revenues	1,334,027	1,326,177	(7,850)
Expenditures:			
Operating expenditures:			
Water and sewer administration:			
Salaries and employee benefits		89,997	
Other departmental expenses		157,295	
Total water and sewer administration	260,520	247,292	13,228
Water system operations:			
Salaries and employee benefits		346,350	
Utilities		89,104	
Other departmental expenses		273,789	
Total water system operations	748,490	709,243	39,247
Total operating expenses	1,009,010	956,535	52,475
Debt service:			
Principal retirement		138,338	
Interest		55,638	
Total debt service	193,979	193,976	3
Capital outlay	97,500	73,982	23,518
Total expenditures	1,300,489	1,224,493	75,996
Revenues over expenditures	33,538	101,684	68,146
Other financing sources (uses):			
Appropriated fund balance	66,462	-	(66,462)
Transfer to capital project fund	(100,000)	-	100,000
Total other financing sources (uses)	(33,538)	-	33,538
Revenues and other sources over expenditures	\$ -	\$ 101,684	\$ 101,684

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

**WATER FUND**

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
For the year ended June 30, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital contributions		\$ 1,197,500	
Payment of debt principal		138,338	
Increase in accrued vacation pay		(5,924)	
Deferred outflows of resources for contributions made to pension plan in current fiscal year		21,733	
Pension expense		(1,631)	
Capital outlay		73,982	
Depreciation		<u>(220,701)</u>	
Change in net position		<u><u>\$ 1,304,981</u></u>	

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

**GOLF COURSE FUND**

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the year ended June 30, 2015

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Golf course revenues			
Memberships and initiation fees	\$ 116,000	\$ 99,041	\$ (16,959)
Golf cart rentals	238,000	199,444	(38,556)
Green fees	238,464	170,293	(68,171)
Other revenues	39,100	31,381	(7,719)
Total golf course revenues	631,564	500,159	(131,405)
<b>Expenditures:</b>			
Operating Expenditures:			
Golf course administration:			
Salaries and employee benefits		234,304	
Other departmental expenses		287,930	
Total golf course administration	576,130	522,234	53,896
Debt service:			
Principal retirement		58,327	
Interest		2,107	
Total debt service	60,434	60,434	-
Capital outlay			
Total capital outlay	-	6,728	(6,728)
Total expenditures	636,564	589,396	47,168
Revenues under expenditures	(5,000)	(89,237)	(84,237)
Other financing sources:			
Proceeds from sale of capital assets	5,000	-	(5,000)
Transfer from general fund	-	82,591	82,591
Total other financing sources	5,000	82,591	77,591
Revenues and other sources over expenditures	\$ -	(6,646)	\$ (6,646)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		58,327	
Increase in accrued vacation pay		(7,970)	
Deferred outflows of resources for contributions made to pension plan in current fiscal year		8,693	
Pension expense		(653)	
Decrease in deferred membership revenue		695	
Capital outlay		6,728	
Depreciation		(74,237)	
Change in net position		\$ (15,063)	

## **OTHER SCHEDULES**

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

GENERAL FUND  
 Schedule of Ad Valorem Taxes Receivable  
 For the year ended June 30, 2015

Fiscal Year	Uncollected Balance 6/30/2014	Additions	Collections And Credits	Uncollected Balance 6/30/2015
2014-2015	\$ -	\$ 3,775,946	3,766,566	\$ 9,380
2013-2014	24,185	-	21,734	2,451
2012-2013	9,415	-	8,532	883
2011-2012	6,572	-	5,991	581
2010-2011	9,057	-	5,188	3,869
2009-2010	1,527	-	298	1,229
2008-2009	1,177	-	755	422
2007-2008	297	-	89	208
2006-2007	552	-	121	431
2005-2006 and prior	1,755	-	763	992
	\$ 54,537	\$ 3,775,946	\$ 3,810,037	20,446
				Less: allowance for uncollectible accounts:
				General Fund
				9,707
				Ad valorem taxes receivable, net
				\$ 10,739
				<u>Reconciliation with revenues:</u>
				Ad valorem taxes - General Fund
				\$ 3,799,959
				Reconciling items:
				Interest collected
				(10,772)
				Releases, write-offs, and other
				20,850
				Total collections and credits
				\$ 3,810,037



**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

GENERAL FUND  
 Analysis of Current Tax Levy  
 For the year ended June 30, 2015

	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Original levy	\$ 1,007,965,333	0.00375	\$ 3,779,870	\$ 3,584,068	195,802
Penalties			-	-	-
Total			<u>3,779,870</u>	<u>3,584,068</u>	<u>195,802</u>
Discoveries:					
Current year taxes and penalties	1,860,533		6,977	6,977	-
Abatements	<u>(2,906,933)</u>		<u>(10,901)</u>	<u>(10,901)</u>	<u>-</u>
Total property valuation	<u><u>\$ 1,006,918,933</u></u>				
Net levy			3,775,946	3,580,144	195,802
Uncollected taxes at June 30, 2015			<u>9,380</u>	<u>9,380</u>	<u>-</u>
Current year's taxes collected			<u><u>\$ 3,766,566</u></u>	<u><u>\$ 3,570,764</u></u>	<u><u>\$ 195,802</u></u>
Current levy collection percentage			<u><u>99.75%</u></u>	<u><u>99.74%</u></u>	<u><u>100.00%</u></u>

**STATISTICAL SECTION**

## **Town of Black Mountain, North Carolina**

### **Statistical Section**

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

#### **Financial Trends (Tables 1-4)**

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

#### **Revenue Capacity (Tables 5-9)**

These schedules contain trend information to help the reader assess the factors affecting the Town's ability to generate its most significant revenue sources: property tax, sales tax, and utility franchise tax.

#### **Debt Capacity (Tables 10-12)**

These schedules contain trend information to help the reader in assessing the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

#### **Demographic and Economic Information (Tables 13-15)**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time.

#### **Operating Indicators (Tables 16-17)**

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

**Sources:** *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The Town implemented the new reporting model (GASB 34) in the fiscal year ended June 30, 2005. Schedules presenting government-wide information include information beginning in that year.*

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Table 1  
 Net Position by Component  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 2,977,415	\$ 3,194,869	\$ 3,297,314	\$ 4,213,285	\$ 4,093,611	\$ 5,732,742	\$ 5,892,731	\$ 6,062,891	\$ 6,682,269	\$ 7,480,903
Restricted	379,346	185,809	186,472	186,051	183,074	847,017	1,213,033	1,139,419	1,184,479	2,608,574
Unrestricted	2,459,528	2,698,873	2,882,185	2,814,118	2,637,909	2,214,689	2,343,722	2,856,362	2,648,896	2,751,563
Total governmental activities	\$ 5,816,289	\$ 6,079,551	\$ 6,365,971	\$ 7,213,454	\$ 6,914,594	\$ 8,794,448	\$ 9,449,486	\$ 10,058,672	\$ 10,515,644	\$ 12,841,040
Business-type activities										
Net investment in capital assets	\$ 4,111,747	\$ 4,216,055	\$ 4,219,178	\$ 4,153,447	\$ 4,087,875	\$ 4,142,539	\$ 3,661,647	\$ 3,684,913	\$ 3,702,761	\$ 4,882,698
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	1,064,163	1,122,003	1,122,989	1,298,631	1,365,039	1,758,245	1,587,725	1,585,762	1,576,394	1,617,588
Total business-type activities	\$ 5,175,910	\$ 5,338,058	\$ 5,342,167	\$ 5,452,078	\$ 5,452,914	\$ 5,900,784	\$ 5,249,372	\$ 5,270,675	\$ 5,279,155	\$ 6,500,286
Primary government										
Net investment in capital assets	\$ 7,089,162	\$ 7,410,924	\$ 7,516,492	\$ 8,366,732	\$ 8,181,486	\$ 9,875,281	\$ 9,554,378	\$ 9,747,804	\$ 10,385,030	\$ 12,363,601
Restricted	379,346	185,809	186,472	186,051	183,074	847,017	1,213,033	1,139,419	1,184,479	2,608,574
Unrestricted	3,523,691	3,820,876	4,005,174	4,112,749	4,002,948	3,972,934	3,931,447	4,442,124	4,225,290	4,369,151
Total primary government	\$ 10,992,199	\$ 11,417,609	\$ 11,708,138	\$ 12,665,532	\$ 12,367,508	\$ 14,695,232	\$ 14,698,858	\$ 15,329,347	\$ 15,794,799	\$ 19,341,326

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Table 2  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities:										
General government	\$ 1,023,313	\$ 1,073,955	\$ 1,128,897	\$ 354,382	\$ 1,089,636	\$ 1,218,572	\$ 1,215,145	\$ 1,204,608	\$ 1,264,384	\$ 1,268,752
Public safety	2,657,991	3,007,189	2,972,953	2,898,041	2,961,701	3,024,007	2,912,307	3,200,090	3,347,118	3,170,756
Public works	611,901	626,305	694,372	700,046	757,932	309,097	728,318	747,995	878,050	898,225
Environmental protection	509,440	530,220	558,110	677,731	694,331	741,528	699,720	650,060	693,266	675,672
Cultural and recreation	669,286	670,489	780,688	765,041	793,141	964,477	677,420	698,246	772,137	745,206
Economic and physical development	-	-	48,390	1,198,279	846,303	103,567	-	-	-	83,243
Interest on long term debt	49,457	43,318	37,478	39,533	56,910	149,196	141,765	98,531	76,196	69,614
Total governmental activities expenses	5,521,388	5,951,476	6,220,888	6,633,053	7,193,954	6,510,444	6,374,675	6,599,530	7,031,151	6,911,468
Business-type activities:										
Water and Sewer	910,261	932,429	979,570	942,956	956,922	1,300,551	1,189,843	1,261,307	1,199,074	1,218,696
Golf	659,264	674,997	676,204	614,717	644,132	650,364	185,127	130,905	192,572	598,508
Total business-type activities	1,569,525	1,607,426	1,655,774	1,557,673	1,601,054	1,950,915	1,374,970	1,392,212	1,391,646	1,817,204
Total primary government expenses	\$ 7,090,913	\$ 7,558,902	\$ 7,876,662	\$ 8,190,726	\$ 8,801,008	\$ 8,461,359	\$ 7,749,645	\$ 7,991,742	\$ 8,422,797	\$ 8,728,672
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	\$ 754,073	\$ 963,909	\$ 1,073,049	\$ 914,969	\$ 974,675	\$ 930,317	\$ 950,840	\$ 969,637	\$ 1,026,845	\$ 1,048,631
Public safety	72,342	107,739	136,387	139,063	144,548	130,792	169,502	148,880	168,708	178,605
Cultural and recreational	-	-	45,729	700,960	-	4,426	397	1,520	-	-
Economic and physical development	519,838	274,591	263,902	243,902	292,707	284,401	251,579	296,504	274,624	324,682
Operating grants and contributions	134,513	14,123	15,272	24,193	688,235	165,444	58,526	2,339	213,222	-
Capital grants and contributions	1,480,766	1,360,362	1,609,000	2,043,087	2,121,278	1,543,571	1,430,844	1,545,970	1,810,489	1,709,008
Total governmental activities program revenues	907,539	1,013,014	1,009,541	1,059,510	1,160,893	1,194,277	1,185,287	1,231,027	1,279,528	1,321,461
Business-type activities:										
Charge for services	573,724	603,963	620,648	577,976	594,000	423,475	129,673	-	100,882	500,854
Water	-	-	-	-	-	108,172	46,913	-	-	-
Golf	1,481,263	1,746,436	1,630,189	1,637,486	1,754,893	1,725,924	1,361,873	1,231,027	1,380,410	1,822,315
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities	2,962,029	3,106,798	3,230,189	3,680,573	3,876,171	3,269,495	2,792,717	2,776,997	3,190,899	3,531,323
Total primary government program revenues	(4,040,622)	(4,591,114)	(4,611,888)	(4,589,966)	(5,078,676)	(4,966,873)	(4,943,831)	(5,053,560)	(5,220,662)	(5,202,460)
<b>Net (Expense) Revenue</b>	(88,262)	139,010	(25,585)	79,813	153,839	(224,991)	(13,097)	(161,185)	(11,236)	5,111
Governmental activities	\$ (4,128,884)	\$ (4,452,104)	\$ (4,637,473)	\$ (4,510,153)	\$ (4,924,837)	\$ (5,191,864)	\$ (4,956,928)	\$ (5,214,745)	\$ (5,231,898)	\$ (5,197,349)
Business-type activities	\$ 3,494,242	\$ 3,945,253	\$ 3,962,699	\$ 4,001,246	\$ 4,087,583	\$ 4,721,019	\$ 4,718,044	\$ 4,932,087	\$ 5,164,154	\$ 5,248,097
Taxes	408,385	432,344	537,206	642,548	451,956	515,103	616,003	679,023	709,687	1,118,485
Grants and unrestricted contributions	111,284	175,536	159,434	66,464	10,957	6,677	2,799	3,339	2,112	2,302
Investment earnings	7,492	5,510	-	-	-	-	-	1,860	3,797	4,825
Gain on disposal of assets	-	-	-	-	-	-	-	-	-	-
Surety bond settlement	140,821	130,308	69,963	560,388	67,515	384,075	66,928	46,437	132,884	125,783
Miscellaneous	-	-	-	-	-	-	-	-	-	-

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Table 2  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Transfers	178,000	165,425	169,005	166,805	161,805	(92,910)	184,846	-	(335,000)	(82,591)
Total government activities	4,340,224	4,854,376	4,898,307	5,437,451	4,779,816	5,533,964	5,588,620	5,662,746	5,677,634	7,950,406
Business-type activities:										
Pro shop	49,309	45,872	44,097	41,092	32,971	30,114	6,084	-	-	-
Investment earnings	2,463	2,759	5,775	1,170	146	702	1,122	1,432	1,124	741
Gain on disposal of assets	-	1,055	-	-	-	-	-	100,800	18,184	-
Grants and contributions, not restricted	-	-	-	-	-	-	-	-	-	1,197,500
Miscellaneous	156,892	138,877	148,827	154,641	(24,315)	130,251	22,919	80,256	75,408	3,975
Special Item - Billy Casper	-	-	(169,005)	(166,805)	(161,805)	92,910	(184,846)	-	(410,000)	-
Transfers	(178,000)	(165,425)	29,694	30,098	(153,003)	253,977	(154,721)	-	335,000	82,591
Total business-type activities	30,664	23,138	29,694	30,098	(153,003)	253,977	(154,721)	182,488	19,716	1,284,807
Total primary government	\$ 4,370,888	\$ 4,877,514	\$ 4,928,001	\$ 5,467,549	\$ 4,626,813	\$ 5,787,941	\$ 5,433,899	\$ 5,845,234	\$ 5,697,350	\$ 9,235,213
Change in Net Position	\$ 299,602	\$ 263,262	\$ 286,419	\$ 847,485	\$ (298,860)	\$ 567,091	\$ 644,789	\$ 609,186	\$ 456,972	\$ 2,747,946
Governmental activities	(57,598)	162,148	4,109	109,911	836	28,986	(167,818)	21,303	8,480	1,289,918
Business activities										
Total primary government	\$ 242,004	\$ 425,410	\$ 290,528	\$ 957,396	\$ (298,024)	\$ 596,077	\$ 476,971	\$ 630,489	\$ 465,452	\$ 4,037,864

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Table 3  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
Reserved	\$ 938,037	\$ 732,021	\$ 738,232	\$ 689,924	\$ 645,373	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,978,766	2,280,455	2,452,712	2,408,239	2,511,169	-	-	-	-	-
Total general fund	2,916,803	3,012,476	3,190,944	3,098,163	3,156,542	-	-	-	-	-
<b>Other Governmental Funds</b>										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved	-	-	6,539	9,220	38,783	-	-	-	-	-
Total other governmental funds	-	-	6,539	9,220	38,783	-	-	-	-	-
<b>Total combined governmental fund balances</b>	<b>\$ 2,916,803</b>	<b>\$ 3,012,476</b>	<b>\$ 3,197,483</b>	<b>\$ 3,107,383</b>	<b>\$ 3,195,325</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>General Fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,124	\$ 19,195	\$ 33,089	\$ 62,074	\$ 59,245
Restricted	-	-	-	-	-	847,017	1,057,295	1,135,561	1,184,478	1,115,787
Committed	-	-	-	-	-	-	-	250,000	275,000	285,000
Assigned	-	-	-	-	-	409,855	-	307,110	200,381	256,661
Unassigned	-	-	-	-	-	1,954,740	2,557,173	2,514,327	2,442,734	2,709,003
Total general fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,218,736	\$ 3,633,663	\$ 4,240,087	\$ 4,164,667	\$ 4,425,696
<b>Other Governmental Funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	18,062	155,738	3,858	-	1,492,787
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,062	\$ 155,738	\$ 3,858	\$ -	\$ 1,492,787
<b>Total combined governmental fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,236,798</b>	<b>\$ 3,789,401</b>	<b>\$ 4,243,945</b>	<b>\$ 4,164,667</b>	<b>\$ 5,918,483</b>

NOTE: GASB 54 established new fund balance classifications effective FY11. The upper section reports fund balance information prior to implementation of GASB 54.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

**Table 4**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Ad valorem taxes	\$2,379,592	\$2,758,317	\$2,823,545	\$2,905,947	\$3,025,260	\$3,481,575	\$3,484,258	\$3,614,786	\$ 3,809,276	\$ 3,799,959
Other taxes and licenses	1,109,592	1,181,539	1,156,120	1,053,311	993,420	1,082,404	1,260,265	1,326,647	1,372,798	1,466,892
Unrestricted intergovernmental revenues	408,944	435,344	537,206	642,548	611,806	671,593	616,003	679,023	709,687	846,418
Restricted intergovernmental revenues	628,750	285,714	353,835	288,095	943,556	421,049	303,518	298,843	487,846	324,682
Permits and fees	126,568	178,289	260,461	99,273	219,607	112,646	144,815	151,958	165,285	183,689
Sales and services	689,924	893,359	948,976	954,759	920,730	976,240	975,924	1,095,169	1,157,358	1,200,637
Investment earnings	129,026	175,536	159,434	66,464	10,957	6,677	2,799	3,339	2,112	2,302
Other revenues	165,536	157,290	115,692	1,395,052	88,249	366,508	66,928	46,437	132,884	1,659,288
<b>Total Revenue</b>	<b>5,637,932</b>	<b>6,065,388</b>	<b>6,355,269</b>	<b>7,405,449</b>	<b>6,813,385</b>	<b>7,118,692</b>	<b>6,854,510</b>	<b>7,216,202</b>	<b>7,837,246</b>	<b>9,483,867</b>
<b>Expenditures</b>										
<b>Current</b>										
General government	994,496	1,066,402	1,103,734	1,679,525	3,207,601	1,191,337	1,203,305	1,151,178	1,175,458	1,249,134
Public safety	2,531,354	2,843,964	2,867,256	2,918,865	2,813,207	3,125,399	2,844,461	3,309,705	3,291,394	3,268,182
Public works	879,331	757,667	740,382	730,382	705,132	735,720	711,560	776,707	952,357	1,067,353
Environmental protection	509,440	530,220	558,110	677,731	694,331	741,528	693,100	639,757	652,963	665,301
Cultural and recreational	780,448	741,829	822,232	752,259	778,895	877,559	621,039	634,726	732,495	868,160
Capital outlay	-	-	48,390	1,198,279	846,303	179,995	90,227	4,219	217,080	83,243
Debt Service										
Principal retirement	179,384	154,741	158,681	165,781	76,853	228,132	254,753	280,079	480,422	381,121
Interest and fees	49,456	43,318	37,478	39,533	56,910	149,196	141,765	117,147	83,152	69,791
<b>Total expenditures</b>	<b>5,923,909</b>	<b>6,138,141</b>	<b>6,336,263</b>	<b>8,162,355</b>	<b>9,179,232</b>	<b>7,228,866</b>	<b>6,560,210</b>	<b>6,913,518</b>	<b>7,585,321</b>	<b>7,652,285</b>
Excess of revenues over (under) expenditures	(285,977)	(72,753)	19,006	(756,906)	(2,365,847)	(110,174)	294,300	302,684	251,925	1,831,582
<b>Other Financing Sources (uses)</b>										
Sale of capital assets	-	-	-	-	-	-	-	1,860	3,797	4,825
Transfers in	178,000	184,000	197,340	187,090	182,090	172,090	199,846	150,000	-	-
Transfers out	-	(18,575)	(28,335)	(20,285)	(20,285)	(265,000)	(15,000)	(150,000)	(335,000)	(82,591)
Proceeds from debt	-	-	-	500,000	2,291,987	244,557	-	150,000	-	-
Total other financing sources (uses)	178,000	165,425	169,005	666,805	2,453,792	151,647	184,846	151,860	(331,203)	(77,766)
<b>Net change in fund balances</b>	<b>(107,977)</b>	<b>92,672</b>	<b>188,011</b>	<b>(90,101)</b>	<b>87,945</b>	<b>41,473</b>	<b>479,146</b>	<b>454,544</b>	<b>(79,278)</b>	<b>1,753,816</b>
Debt service as a percentage of non capital expenditures	3.86%	3.23%	3.10%	2.52%	1.46%	5.22%	6.04%	6.13%	7.96%	6.34%



**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

**Table 5**  
**Assessed Value of Taxable Property (excludes motor vehicle)**  
**Last Ten Fiscal Years**  
 (in thousands)

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service</b>	<b>Total Taxable Assessed Value</b>	<b>Total Town Direct Tax Rate</b>	<b>Sales Assessment Ratio (a)</b>	<b>Estimated Actual Taxable Value (b)</b>
2006	482,430	55,267	9,801	547,498	0.385	91.25%	499,592
2007	746,007	47,468	10,028	803,503	0.320	90.77%	729,340
2008	767,264	49,361	11,380	828,005	0.320	88.76%	734,937
2009	789,491	56,886	11,655	858,032	0.320	83.60%	717,315
2010	811,376	64,883	11,967	888,226	0.320	93.56%	831,024
2011	819,371	64,195	13,052	896,618	0.365	95.53%	856,539
2012	816,661	66,238	13,303	896,202	0.365	99.00%	887,240
2013	845,605	66,348	13,242	925,195	0.365	99.00%	915,943
2014	834,762	85,898	15,525	936,185	0.375	96.91%	907,257
2015	842,514	98,957	13,380	954,851	0.375	N/A	N/A

Source: Annual County report of Valuation and Property Tax Levies  
 NC Department of Revenue

(a) Management of Cash and Taxes and Fund Balance Available, NC Department of State Treasurer

(b) The estimated actual value is calculated by multiplying the assessed value by the sales assessment ratio.

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

**Table 6  
Governmental Funds Tax Revenue by Source  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Utility Franchise Tax</u>	<u>Total</u>
2006	\$ 2,379,592	1,044,122	292,384	\$ 3,716,098
2007	2,758,317	1,118,559	322,821	4,199,697
2008	2,823,545	1,090,092	436,702	4,350,339
2009	2,905,947	992,634	508,363	4,406,944
2010	3,025,260	934,200	523,875	4,483,335
2011	3,481,575	1,010,047	561,441	5,053,063
2012	3,484,258	1,194,335	509,936	5,188,529
2013	3,614,786	1,245,694	560,888	5,421,368
2014	3,809,276	1,321,087	554,524	5,684,887
2015	3,799,959	1,409,965	726,906	5,936,830

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Table 7  
Direct and Overlapping Tax Rates  
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Town of Black Mountain</u>	<u>Buncombe County</u>	<u>Total Direct and Overlapping Rates</u>
	<u>Operating Millage</u>	<u>County-Wide Rate</u>	
2006	0.385	0.590	0.975
2007	0.320	0.530	0.850
2008	0.320	0.525	0.845
2009	0.320	0.525	0.845
2010	0.320	0.525	0.845
2011	0.365	0.525	0.890
2012	0.365	0.525	0.890
2013	0.365	0.525	0.890
2014	0.375	0.569	0.944
2015	0.375	0.604	0.979

Source: Buncombe County Tax Department.

Note: Overlapping tax rates are those of local and county governments that apply to property owners within the Town of Black Mountain.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

**Table 8**  
**Principal Property Tax Payers**  
**Fiscal Year Ended June 30, 2015 and June 30, 2006**  
 (in thousands)

Taxpayers	2015				2006			
	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank
Ingles Markets Inc.	\$ 156,948	1	16.44%	\$ 40,541	1	7.40%		
Shopping Center Financing LLC	10,403	2	1.09%	4,728	8	0.86%		
Kearfott Guidance Corp.	8,158	3	0.85%	5,030	6	0.92%		
Duke Energy Progress, Inc.	7,943	4	0.83%	6,901	5	1.26%		
Bi Lo LLC	4,318	5	0.45%	3,876	10	0.71%		
Riverside Business Park, LLC	3,022	6	0.32%	-	-	-		
Divya Jiyoti Inc	2,842	7	0.30%	-	-	-		
Bell South Telephone	2,790	8	0.29%	-	-	-		
Valley Fitness	2,625	9	0.27%	4,917	7	0.90%		
Tyco Valves and Controls, Inc	2,540	10	0.27%	-	-	0.00%		
Settings of Black Mountain, LLC	-	-	-	38,534	2	7.04%		
Highland Farms, Inc.	-	-	-	14,941	3	2.73%		
Tyson Furniture Co, Inc.	-	-	-	7,225	4	1.32%		
CS Ragan LLC	-	-	-	4,083	9	0.75%		
<b>Total</b>	<b>\$ 201,589</b>		<b>21.11%</b>	<b>\$ 130,776</b>		<b>23.89%</b>		

Source: Buncombe County Tax Department

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Table 9  
Property Tax Levies and Collections (Excluding Motor Vehicles)  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collection within the		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 2,151,596	\$ 2,139,665	99.45%	\$ 10,287	\$ 2,149,952	99.92%
2007	2,569,003	2,557,339	99.55%	10,387	2,567,726	99.95%
2008	2,647,529	2,628,697	99.29%	18,224	2,646,921	99.98%
2009	2,744,024	2,712,255	98.84%	30,406	2,742,661	99.95%
2010	2,855,593	2,822,332	98.84%	31,308	2,853,640	99.93%
2011	3,317,096	3,282,489	98.96%	27,090	3,309,579	99.77%
2012	3,284,603	3,261,128	99.29%	18,209	3,279,337	99.84%
2013	3,378,317	3,351,271	99.20%	10,735	3,362,006	99.52%
2014	3,508,520	3,490,224	99.48%	12,682	3,502,906	99.84%
2015	3,580,144	3,570,764	99.74%	-	3,570,764	99.74%

Source: Buncombe County Tax Department

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

**Table 10**  
**Ratio of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ended June 30	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Capital Lease Payable	Installment Purchase Contracts	Capital Lease Payable	Revolving Loan	Installment Purchase Contracts	Total Government			
2006	16,058	1,136,876	-	632,405	184,648	1,969,987	0.77%	246	
2007	12,279	985,914	-	667,837	101,194	1,767,224	0.64%	216	
2008	8,153	831,359	-	929,203	305,842	2,074,557	0.73%	253	
2009	3,650	1,170,081	-	929,203	279,374	2,382,308	0.86%	279	
2010	-	3,196,878	-	1,121,188	251,829	4,569,895	1.72%	580	
2011	-	3,216,746	52,852	1,907,514	150,291	5,327,403	1.91%	665	
2012	-	2,961,992	27,236	2,086,856	117,459	5,193,543	1.76%	648	
2013	-	2,831,914	-	1,976,525	258,371	5,066,810	1.68%	621	
2014	-	2,351,492	-	1,866,194	165,594	4,383,280	1.42%	530	
2015	-	1,970,371	-	1,755,863	79,008	3,805,242	N/A	N/A	

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

**Table 11**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2015**

	<u>Outstanding Debt</u>	<u>Percentage Applicable to Town</u>	<u>Amount Applicable to Town</u>
Direct debt			
Town of Black Mountain	\$ 1,970,371	100%	\$ 1,970,371
Overlapping debt			
Buncombe County	457,683,850	3.51%	16,065,972
Total direct and overlapping debt	\$ 459,654,221		\$ 18,036,343

Note : Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of Buncombe County that is borne by the residents and businesses of Black Mountain. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overpaying government.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Table 12  
 Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (dollars in thousands)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed value of property (excluding motor vehicle)	\$547,498	\$803,503	\$ 828,005	\$858,032	\$888,226	\$896,618	\$896,202	\$925,195	\$936,185	\$954,851
Debt limit, 8% of assessed value	43,800	64,280	66,240	68,643	71,058	71,729	71,696	74,016	74,895	76,388
Amount of debt applicable to limit										
Gross debt	1,970	1,767	2,075	2,382	4,570	5,327	5,194	5,067	4,383	3,805
Less: Debt related to business-like activities	817	769	1,235	1,209	1,373	2,111	2,232	2,235	2,032	1,835
Total net debt applicable to limit	1,153	998	840	1,173	3,197	3,216	2,962	2,832	2,351	1,970
Legal debt margin available	42,647	63,282	65,399	67,470	67,861	68,512	68,733	71,183	72,543	74,417
Total net debt applicable to the limit as a percentage of limit	2.63%	1.55%	1.27%	1.71%	4.50%	4.48%	4.13%	3.83%	3.14%	2.58%

Note: NC Statute GS159-55 limits the Town's outstanding debt to 8% of the appraised value of property subject to taxation



TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Table 13  
Principal Employers  
Current Year and Four Years Prior

Employer	2015		2011	
	Number of employees	Rank	Number of employees	Rank
Ingles Market	1,527	1	1,203	1
Black Mountain Neuro-Medical	440	2	432	3
Kearfott Guidance and Navigation Corp.	351	3	450	2
Buncombe County Schools	180	4	223	5
NC State Alcohol and Drug Abuse Treatment Center	175	6	220	6
Highland Farms Retirement Community	168	5	250	4
Pentair Valve (Tyco)	144	7	155	7
Town of Black Mountain Government	76	8	76	8
Tyson Furniture	49	9	59	9
Blue Ridge Assembly	28	10	-	-
Grovestone Gravel and Stone	-	-	28	10

Note - Information not available for years prior to FY11.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Table 14  
Principal Water Customers  
Current Year  
(in gallons)

<u>Customer</u>	<u>Consumption</u>	<u>Revenue from water consumption</u>
Ingles Market	4,891,100	\$ 28,521
Laurel Wood Park	3,155,700	29,965
Mountain Ridge Wellness Center	3,048,800	28,958
Super 8 Motel	1,678,700	9,812
Chesire Fitness	1,519,700	8,889
Carolina Success	1,246,000	7,285
Nana's Assisted Living	1,216,000	7,118
Camp Merri Mac	1,093,500	6,407
Shri Hari	991,700	5,808
Board of Education	875,200	5,137

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Table 15  
Demographic and Economic Statistics  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Per Capita		Unemployment Rate (c)
	Population (a)	Personal Income (b)	
2006	8,018	31,881	3.6%
2007	8,182	33,531	3.5%
2008	8,212	34,533	5.0%
2009	8,526	32,597	9.2%
2010	7,875	33,653	8.5%
2011	8,007	34,873	8.3%
2012	8,011	36,940	8.2%
2013	8,160	37,029	7.2%
2014	8,267	37,329	5.4%
2015	N/A	N/A	4.7%

(a) State Office of Budget and Management

(b) US Dept of Commerce, for Asheville Metropolitan Statistical Area

(c) Department of Labor statistics

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Table 16  
Operating Indicators  
Last Ten Fiscal Years

Department	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Finance										
Checks issued	N/A	6,775	6,461	7,611	7,849	4,545	2,034	1,987	2,145	2,229
Police										
Calls logged	N/A	20,334	26,411	21,745	23,043	20,426	21,968	20,828	23,014	21,062
Total arrests	N/A	438	725	517	425	353	389	437	435	339
Incident reports	N/A	485	439	361	366	354	404	290	294	233
Traffic accidents	N/A	226	270	291	232	230	218	187	189	198
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Total calls	1,281	1,346	1,354	1,195	1,255	1,628	1,875	1,848	1,887	2,065
Training hours	10,973	12,683	12,378	9,826	12,378	10,398	11,780	13,010	11,398	8,383
Public Services										
Sanitation tonnage	3,655	3,610	3,462	3,020	2,829	2,898	2,670	2,574	2,639	2,635
Recycling tonnage	468	506	576	624	694	536	641	637	650	602
Work orders	N/A	N/A	N/A	967	1,717	3,019	4,600	4,935	5,464	4,812
Planning										
Building permits	415	452	559	418	420	497	404	514	500	525
Business licenses	117	167	170	116	173	160	128	125	139	38
Inspections performed	1,723	2,015	2,417	1,773	1,522	1,681	1,686	1,744	2,150	2,383
Recreation services										
Athletic programs	N/A	N/A	19	20	18	16	18	16	13	11
Senior programs	N/A	N/A	17	22	26	23	25	30	34	35
Pool attendance	N/A	N/A	5,756	5,865	11,891	20,673	20,467	16,005	13,414	14,135

Sources - Various Town departments.

Note - Data not available for all years (noted by N/A).

**TOWN OF BLACK MOUNTAIN, NORTH CAROLINA**

**Table 17  
Full Time Government Employees By Function/Department (budgeted)  
Last Eight Fiscal Years**

<b>Department</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Administration	6	6	6	6	5	5	5	5
Planning Services	5	5	5	5	4	4	4	4
Fire	18	18	18	18	18	19	19	19
Police	21	21	21	22	22	22	22	22
Recreation Services	7	7	7	7	6	6	6	6
Public Services	7	8	8	8	7	7	9	9
Water	12	12	12	12	9	10	9	9
Golf	8	8	8	8	8	-	3	3
<b>TOTAL</b>	<b>84</b>	<b>84</b>	<b>84</b>	<b>85</b>	<b>78</b>	<b>73</b>	<b>77</b>	<b>77</b>

Source - Human Resources Department

Note - FTE information not available prior to FY08

Note - The Town retained management responsibilities for the golf course in May of FY14.

## **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***

To the Honorable Mayor  
and Members of the Board of Aldermen  
Town of Black Mountain  
Black 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 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 discretely presented component unit, and each major fund of the Town of Black Mountain, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Black Mountain's basic financial statements, and have issued our report thereon dated September 3, 2015. The financial statements of the Black Mountain ABC Board 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 Black 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 Black 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 a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Black Mountain's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 that is required to be reported under *Government Auditing Standards*.

Purpose of the 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.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
September 3, 2015





**Town of Black Mountain, North Carolina**  
**Summary Schedule of Prior Audit Findings**  
For the Fiscal Year Ended June 30, 2014

No prior year audit findings noted.