



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018



Biltmore Forest, North Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ending
June 30, 2018**

Prepared by the Finance Department





Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

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INTRODUCTORY SECTION

- LETTER OF TRANSMITTAL
- ORGANIZATIONAL CHART
- LIST OF PRINCIPAL OFFICIALS
- CERTIFICATE OF ACHIEVEMENT
FOR EXCELLENCE IN FINANCIAL
REPORTING



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George F. Goosmann, III, Mayor
Fran G. Cogburn, Mayor-Pro Tem
E. Glenn Kelly, Commissioner
Doris P. Loomis, Commissioner

Jonathan B. Kanipe,
Town Manager

December 13, 2018

To the Honorable Mayor, Members of the Board of Commissioners,
and Residents of the Town of Biltmore Forest:

The Comprehensive Annual Financial Report of the Town of Biltmore Forest, North Carolina is submitted for your review and use. This report was prepared by the Town's Finance Department, and it is the comprehensive publication of the Town's financial position and results of operations as of and for the fiscal year ended June 30, 2018.

The Town, like all other local governments in the State, is required by state law to publish a complete set of financial statements within four months of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2018, and to provide further accountability to citizens and other interested parties by providing a more comprehensive report in lieu of the minimum basic financial statement requirements.

The Town is required by state law to have an annual independent financial audit. Carter, P.C., Certified Public Accountants, conducted the audit and concluded in an unmodified ("clean") opinion that the financial statements present fairly in conformity with GAAP, in all material respects, the financial position and changes in financial position for the Town of Biltmore Forest, North Carolina as of June 30, 2018. The independent auditors' report on the basic financial statements is presented as the first component of the Financial Section of this report.

Management's discussion and analysis of the basic financial statements (MD&A) immediately follows the independent auditors' report and provides a prescribed narrative introduction, overview and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. We believe the report, as presented, is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial

activity of the funds, and contains all disclosures necessary to enable the reader to gain maximum understanding of the Town's financial affairs.

PROFILE OF THE TOWN

The Town of Biltmore Forest was incorporated in 1923 in the Blue Ridge Mountains of western North Carolina. The Town is located between the Biltmore Estate, the Blue Ridge Parkway and the City of Asheville. The Town has a land area of 2.9 square miles and an estimated population of 1,420.

The Board of Commissioners approved an ordinance amendment to the Town Charter changing the style of government from Mayor-Council to Council-Manager effective July 24th, 2017. The governing body is comprised of a Mayor and three-member Board of Commissioners, elected on a nonpartisan, at large basis for four-year terms. The Board of Commissioners has policy-making and legislative authority and appoints the Town Manager and Town Attorney. The Town Manager is responsible for carrying out the policies and ordinances of the Board, overseeing day-to-day operations, and appointing department heads.

The Board of Commissioners is required by state statute to adopt a budget by July 1 of each year. The Town's budget ordinance creates a legal limit on spending authorizations and serves as the foundation for Town of Biltmore Forest's financial planning and control. The budget is prepared by fund and department.

The Town provides a full range of services including police, public works, water, zoning, sanitation and recycling.

LOCAL ECONOMY

The Town of Biltmore Forest is a residential Town in the Asheville metropolitan area. Major industries located in close proximity to the Town include hospitals, major tourist destinations, medical offices, retail stores and several financial institutions and insurance companies.

Median household income for residents in the Town of Biltmore Forest continue to exceed the state and local figures. According to the 2013-2017 American Community Survey 5 Year Estimate, the Town's median income was \$143,750, as compared with the City of Asheville at \$44,946, Buncombe County at \$46,464, and the State of North Carolina at \$50,320

Housing values (median) in the Town of Biltmore Forest have increased by three percent to \$848,700. The Town median housing value remains strong compared to the City of Asheville at \$227,500 and the State of North Carolina at \$161,000. The value of new and improvement construction, based on permit fees, for year ended June 30, 2018 was \$13.9 million. A recent article from MarketWatch.com identifies Biltmore Forest as "set to become the first city in North Carolina where the median home value surpasses seven figures." ¹

¹ Jacob Passy. "The U.S. is about to add even more cities with a median home value of \$1 million," MarketWatch.com (August 11, 2018)

MAJOR INITIATIVES

The concentration of activities for fiscal year ending 2018 have been an investment in infrastructure. While these projects have been in the evaluation and planning stage during this fiscal year, the Town has established a solid foundation to move forward.

WATER METER TECHNOLOGY. The Town has completed the project of retrofitting water meters with automatic read technology. The Town should recognize the benefit of the technology immediately with the reduction of onsite reading, errors in reading, and time inputting billing data. With the integrated website, customers and staff can view real time usage, leak indicators and usage history, which should reduce loss for both the customer and the Town.

STORM WATER MASTER PLANNING. The Town contracted with WithersRavenel, an engineering and consulting firm, to conduct a storm water master plan to address neglected stormwater infrastructure. To mitigate cost, the master plan was broken into two phases to be completed over multiple years. Phase 1, completed in this year, was the identification and prioritization of projects.

PARKS MASTER PLANNING. The Town began a review of parks, beginning with Greenwood Park. The park plan focused on improving access to the park and improving creek banks and drainage areas that bisect the park, in addition to updating and upgrading playground equipment.

PUBLIC WORKS BUILDING CONSTRUCTION. The Town has worked with ClarkNexsen, an architecture and design firm, to develop a renovation and rebuilding plan for the Public Works Building. Since the building was originally constructed in 1929 and the community preferred to restore the building, the architect worked to maintain the original aesthetic of the building.

In fiscal year ending 2019, the Town anticipates moving from planning to construction and utilization.

- The final stage of the Water Meter project should be completed when the meter software is integrated with the financial/billing software.
- The Storm Water Master Plan will enter Phase 2, where the Town expects specific infrastructure improvements and recommendations.
- The Town expects to apply for grant funding for the Greenwood Park project; based on the grant application deadlines, work on this project is not likely to begin until fiscal year end 2020.
- Construction on the Public Works Building will begin in fiscal year end 2019 with anticipated completion in fiscal year end 2020.

FINANCIAL MANAGEMENT/POLICIES

Budget Control: The annual budget serves as the foundation for the Town of Biltmore Forest's financial planning and control. In accordance with the North Carolina Local Government Budget and Fiscal Control Act, the Town adopts an ordinance containing balanced budgets for both the General and Water Funds for the fiscal year beginning on July 1 and ending on June 30. The budget ordinance also includes the property tax levy and rate.

Internal Control: The Town has established internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient and reliable information for the preparation of the Town of Biltmore Forest's financial statements. Because the cost of internal controls should not outweigh their benefits, the Town's internal controls are 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.

LONG TERM FINANCIAL PLANNING

The Town strives to maintain a strong financial position by relying on key financial policies for future endeavors. The Board of Commissioners has determined that the Town should maintain an available fund balance of 20% of general fund expenditures to avoid cash flow interruptions, generate investment income, eliminate the need for short-term borrowing, and as an emergency reserve. The Town has consistently exceeded this target, and for this fiscal year the available fund balance of general fund expenditures was 104.61%. As a result of fund balance availability, the Town has installment debt that makes up only 0.51% of the total net debt applicable to the limit. The combination of a substantial fund balance and low debt obligations allow the Town greater flexibility for capital projects.

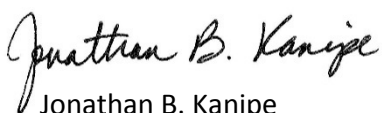
AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Biltmore Forest for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the third year that the Town has received this prestigious award. The Certificate of Achievement is awarded to governments that publish an easily readable and efficiently organized CAFR that satisfied both Generally Accepted Accounting Principles (GAAP) and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Program's Requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated efforts of the Town of Biltmore Forest staff and the support and leadership of the Mayor and Board of Commissioners. We also thank Carter P.C, CPA for their hard work and committed services through the audit process.

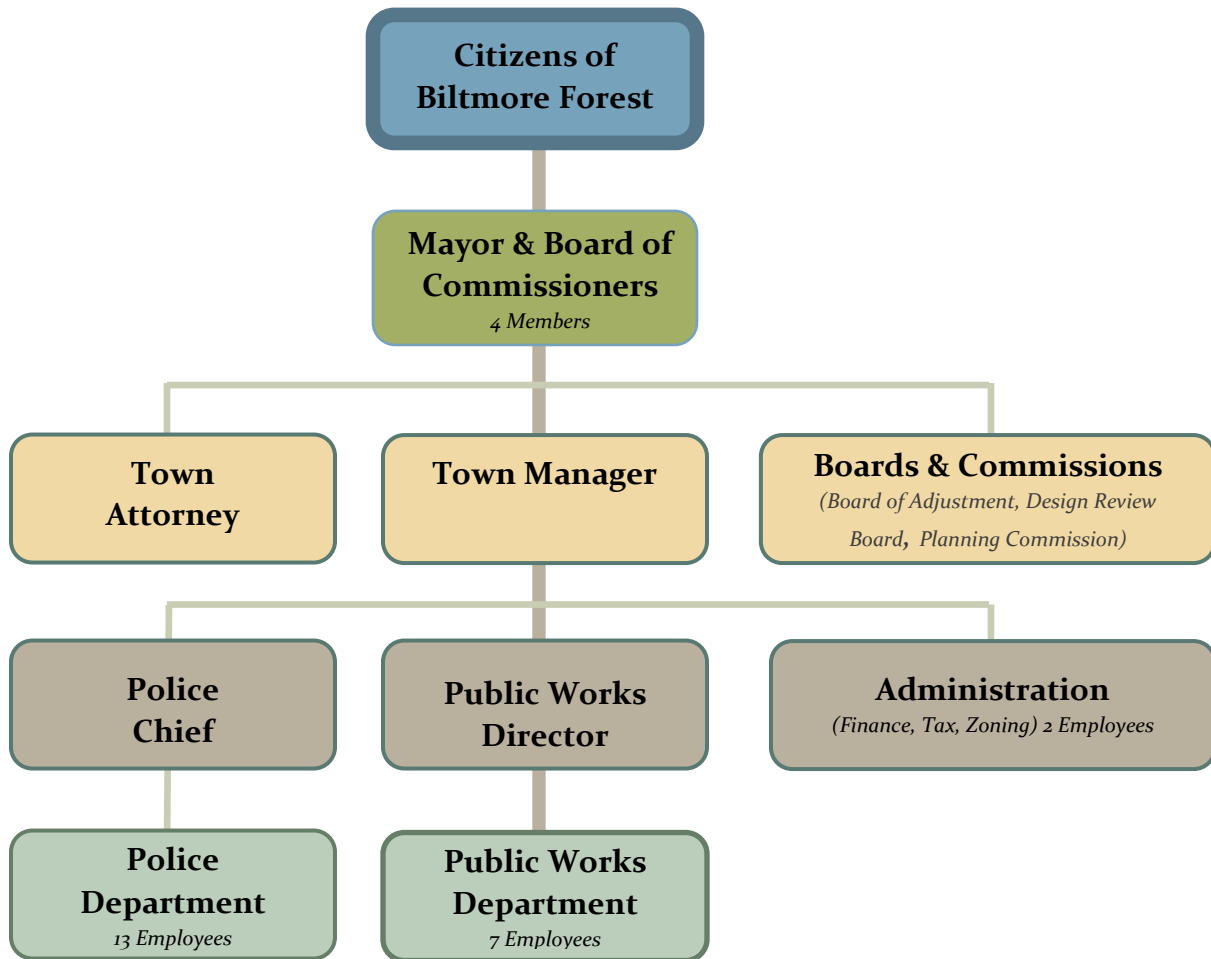
Respectfully submitted,



Jonathan B. Kanipe
Town Manager



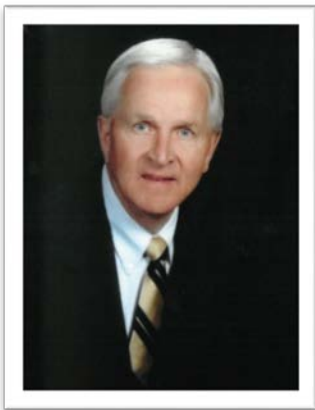
ORGANIZATIONAL CHART





PRINCIPAL OFFICIALS

ELECTED OFFICIALS



George F. Goosmann, III
Mayor



Fran G. Cogburn
Mayor Pro Tem



E. Glenn Kelly
Commissioner



Doris P. Loomis
Commissioner

TOWN OFFICIALS

Jonathan B. Kanipe	<i>Town Manager</i>
Terry Crouch	<i>Public Works Director</i>
M. Chris Beddingfield	<i>Chief of Police</i>
Helen Stephens	<i>Assistant Finance Director & Tax Collector</i>
Laura Jacobs	<i>Financial Assistant & Assistant Town Clerk</i>



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Biltmore Forest
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



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FINANCIAL SECTION

- **INDEPENDENT AUDITOR'S REPORT**
- **MANAGEMENT'S DISCUSSION & ANALYSIS**
- **BASIC FINANCIAL STATEMENTS**
- **REQUIRED SUPPLEMENTAL FINANCIAL DATA**
- **COMBINING & INDIVIDUAL FUND STATEMENTS**
- **OTHER SUPPLEMENTAL SCHEDULES**



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Biltmore Forest, North Carolina, as of and for the year ended June 30, 2018, 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

To the Honorable Mayor
and Members of the Board of Commissioners
Town of Biltmore Forest, North Carolina
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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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Biltmore Forest, North Carolina as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 through 13, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability and Contributions, on pages 52 and 53, respectively, the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 54 and 55, respectively, and the Other Postemployment Benefits' Schedules of Proportionate Share of Net OPEB Liability and Contributions, on pages 56 and 57, respectively, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Supplementary and Other Information (continued)

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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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.

CARTER, P.C.

Asheville, North Carolina
November 1, 2018

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Management's Discussion and Analysis

As management of the Town of Biltmore Forest, we offer readers of the Town of Biltmore Forest's financial statements this narrative overview and analysis of the financial activities of the Town of Biltmore Forest for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,290,787 (*net position*).
- The government's total net position increased by \$231,819, primarily due to property tax collection rates, returns on Town investments, and continued diligence in cost saving measures in all areas of the government.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,075,515, with a net increase of \$594,459 in fund balance. Approximately 8.74% of this total amount, or \$356,117, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,719,398, or 104.61% of total general fund expenditures for the fiscal year.
- The Town's total debt increased by \$2,768,464 (246.6%) during the current fiscal year, primarily due to the implementation of GASB 75 and the resulting OPEB liability.

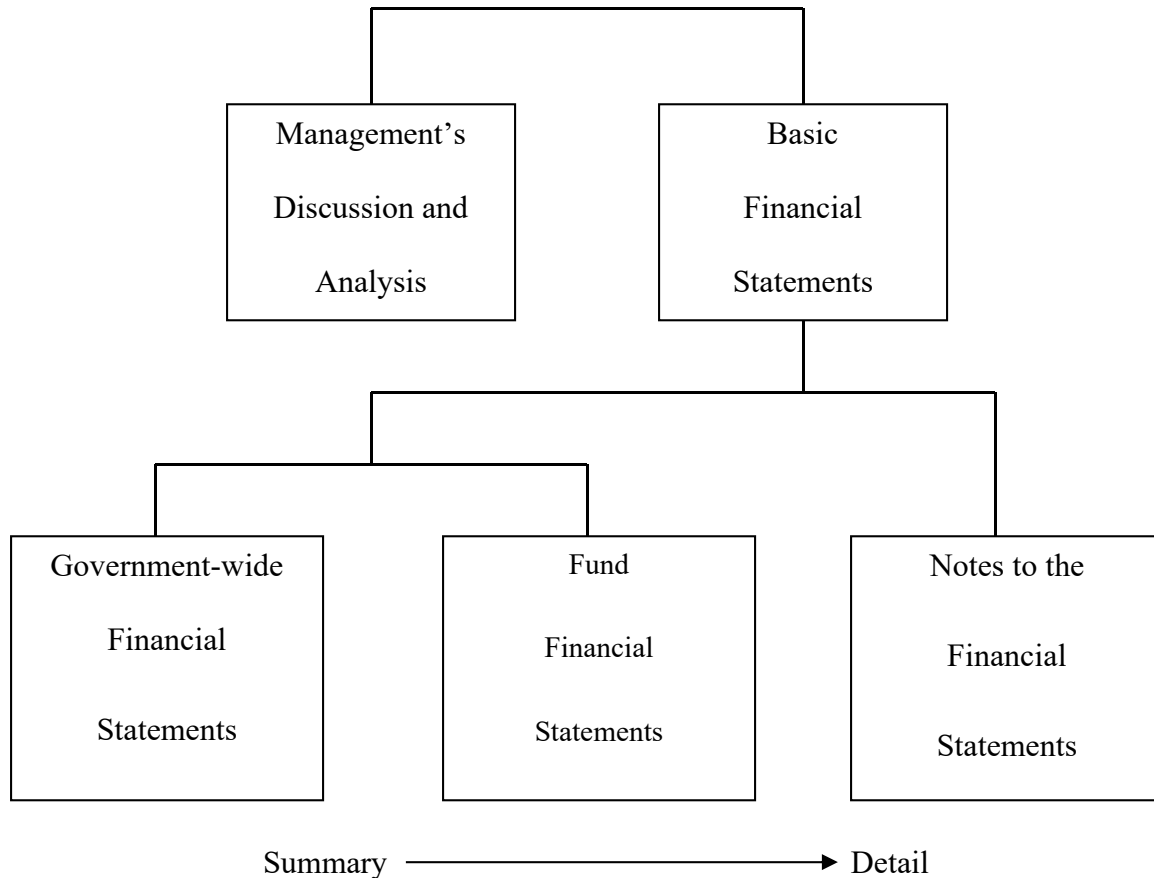
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Biltmore Forest'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 Biltmore Forest.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Government-Wide Financial Statements

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, streets and public works, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water services offered by the Town of Biltmore Forest.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Biltmore Forest, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Biltmore Forest can be divided into two categories: governmental funds and proprietary funds.

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

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

Proprietary Funds - The Town of Biltmore Forest 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 Biltmore Forest uses an enterprise fund to account for its water activity. The fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 24 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 Biltmore Forest's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 52 of this report.

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Government-Wide Financial Analysis

Town of Biltmore Forest's Net Position Figure 2

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 4,248,326	\$ 3,557,650	\$ 172,861	\$ 110,208	\$ 4,421,187	\$ 3,667,858
Capital assets	<u>2,339,025</u>	<u>2,432,728</u>	<u>2,582,443</u>	<u>2,748,616</u>	<u>4,921,468</u>	<u>5,181,344</u>
Total assets	<u>6,587,351</u>	<u>5,990,378</u>	<u>2,755,304</u>	<u>2,858,824</u>	<u>9,342,655</u>	<u>8,849,202</u>
Total deferred outflows of resources	<u>964,426</u>	<u>525,402</u>	<u>27,435</u>	<u>17,001</u>	<u>991,861</u>	<u>542,403</u>
Long-term liabilities outstanding	3,794,986	4,058,426	96,122	111,320	3,891,108	4,169,746
Other liabilities	<u>84,259</u>	<u>76,594</u>	<u>2,892</u>	<u>63,979</u>	<u>87,151</u>	<u>140,573</u>
Total liabilities	<u>3,879,245</u>	<u>4,135,020</u>	<u>99,014</u>	<u>175,299</u>	<u>3,978,259</u>	<u>4,310,319</u>
Total deferred inflows of resources	<u>1,036,133</u>	<u>21,753</u>	<u>29,337</u>	<u>565</u>	<u>1,065,470</u>	<u>22,318</u>
Net position:						
Net investment in capital assets	2,024,093	2,159,555	2,582,443	2,748,616	4,606,536	4,908,171
Restricted	353,888	481,623			353,888	481,623
Unrestricted	<u>258,418</u>	<u>(282,171)</u>	<u>71,945</u>	<u>(48,655)</u>	<u>330,363</u>	<u>(330,826)</u>
Total net position	<u>\$ 2,636,399</u>	<u>\$ 2,359,007</u>	<u>\$ 2,654,388</u>	<u>\$ 2,699,961</u>	<u>\$ 5,290,787</u>	<u>\$ 5,058,968</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 Biltmore Forest exceeded liabilities and deferred inflows by \$5,290,787 as of June 30, 2018. The Town's net position increased by \$231,819 for the fiscal year ended June 30, 2018. However, the largest portion (87.07%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Biltmore Forest uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Biltmore Forest's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$353,888, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$330,363 is unrestricted. Also, the Town implemented GASB Statement 75 this year. With the new reporting change, the Town is allocated its proportionate share of the net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$2,962,611. Decisions regarding the allocations are made by the administrators of the pension plan, not by Town management.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.69%. The statewide average in fiscal year 2018 was 98.78%.
- Continued efforts in cost savings by Town management.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Government-Wide Financial Analysis (continued)

Town of Biltmore Forest's Changes in Net Position Figure 3

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 24,791	\$ 28,527	\$ 772,220	\$ 849,981	\$ 797,011	\$ 878,508
Operating grants and contributions	64,753	64,654			64,753	64,654
General revenues:						
Property taxes	2,553,520	2,569,457			2,553,520	2,569,457
Other taxes	1,310,059	1,241,490			1,310,059	1,241,490
Other	89,650	170,917	1,105	191	90,755	171,108
Total revenues	<u>4,042,773</u>	<u>4,075,045</u>	<u>773,325</u>	<u>850,172</u>	<u>4,816,098</u>	<u>4,925,217</u>
Expenses:						
General government	595,408	554,137			595,408	554,137
Public safety	1,955,805	1,763,741			1,955,805	1,763,741
Transportation	268,296	161,855			268,296	161,855
Physical development	936,903	949,973			936,903	949,973
Interest on long-term debt	8,969	10,788			8,969	10,788
Water			818,898	827,905	818,898	827,905
Total expenses	<u>3,765,381</u>	<u>3,440,494</u>	<u>818,898</u>	<u>827,902</u>	<u>4,584,279</u>	<u>4,268,399</u>
Increase (decrease) in net position before transfers	277,392	634,551	(45,573)	22,267	231,819	656,818
Transfers		(110,217)		110,217		
Increase (decrease) in net position	<u>277,392</u>	<u>524,334</u>	<u>(45,573)</u>	<u>132,484</u>	<u>231,819</u>	<u>656,818</u>
Net position, beginning, previously reported	5,232,222	4,473,098	2,789,357	2,656,873	8,021,579	7,129,971
Net position, beginning, restated	2,359,007	4,707,888	2,699,961	2,656,873	5,058,968	7,364,761
Net position, ending	<u>\$ 2,636,399</u>	<u>\$ 5,232,222</u>	<u>\$ 2,654,388</u>	<u>\$ 2,789,357</u>	<u>\$ 5,290,787</u>	<u>\$ 8,021,579</u>

Governmental activities. Governmental activities increased the Town's net position by \$277,392, thereby accounting for 100% of the total growth in the net position of the Town of Biltmore Forest. Town management acknowledges that 2018 was a successful year and plans on improving its approaches to realize continued fiscal health. Key elements of this increase are as follows:

- The current year increase in net position for governmental activities is a result of increases in sales tax revenue and investment income.

Business-type activities. Business-type activities decreased the Town of Biltmore Forest's net position by \$45,573. This change is primarily a result of lower water and sewer revenue due to a decrease in water usage.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Biltmore Forest'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 Biltmore Forest's financing requirements.

The general fund is the chief operating fund of the Town of Biltmore Forest. At the end of the current fiscal year, the Town of Biltmore Forest's fund balance available in the General Fund was \$3,719,398 while total fund balance reached \$4,075,515. The Governing Body of the Town of Biltmore Forest has determined that the Town should maintain an available fund balance of 20% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 104.61% of general fund expenditures, and total fund balance represents 114.62% of the same amount.

At June 30, 2018, the governmental funds of the Town of Biltmore Forest reported a combined fund balance of \$4,075,515, with a net increase in fund balance of \$594,459. Included in this change in fund balance is an increase in fund balance in the General Fund.

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

There were several reasons the Town revised its budget throughout the year. Expenditures were held in check with budget in all of the Town's functions.

Proprietary Fund. The Town of Biltmore Forest's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$71,945. The total change in net position for the Water Fund was \$(45,573). The change in net position in the Water Fund is a result of decreased water usage due to increased rainfall experienced by the Town.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Capital Asset and Debt Administration

Capital assets. The Town of Biltmore Forest's investment in capital assets for its governmental and business-type activities as of June 30, 2018, totals \$4,921,468 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Purchase of a garbage truck for the sanitation department totaled \$103,000.
- Purchase of a new police vehicle for \$36,718.
- Water meter transmitters of \$136,709 were placed in service.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 161,650	\$ 161,650	\$	\$	\$ 161,650	\$ 161,650
Construction in progress				136,709		136,709
Buildings and systems	781,651	807,573	2,579,078	2,608,203	3,360,729	3,415,776
Improvements other than buildings	56,587	62,355			56,587	62,355
Equipment and furniture	25,807	45,031			25,807	45,031
Infrastructure	729,349	795,948			729,349	795,948
Vehicles and motorized equipment	583,981	560,171	3,365	3,704	587,346	563,875
Total	<u>\$ 2,339,025</u>	<u>\$ 2,432,728</u>	<u>\$ 2,582,443</u>	<u>\$ 2,748,616</u>	<u>\$ 4,921,468</u>	<u>\$ 5,181,344</u>

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

Long-term Debt. As of June 30, 2018, the Town of Biltmore Forest had total debt outstanding of \$3,891,108. The installment debt is backed by security interest in the property for which it was issued. The Town's other debt consisted of compensated absences and pension and OPEB related debt.

**Outstanding Debt
Figure 5**

Town of Biltmore Forest's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Installment debt	\$ 314,932	\$ 273,173	\$	\$	\$ 314,932	\$ 273,173
OPEB	2,686,269		83,579		2,769,848	
Pension related debt (LGERS)	336,625	455,662	10,474	18,892	347,099	474,554
Pension related debt (LEO)	397,011	309,509			397,011	309,509
Compensated absences	60,149	62,376	2,069	3,032	62,218	65,408
Total	<u>\$ 3,794,986</u>	<u>\$ 1,100,720</u>	<u>\$ 96,122</u>	<u>\$ 21,924</u>	<u>\$ 3,891,108</u>	<u>\$ 1,122,644</u>

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Town of Biltmore Forest's Outstanding Debt

The Town of Biltmore Forest's total debt increased by \$2,768,464 (246.6%) during the past fiscal year, primarily due to the implementation of GASB 75 and the resulting OPEB liability.

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 Biltmore Forest is \$61,797,153.

Additional information regarding the Town of Biltmore Forest's long-term debt can be found in Note 3.B.5 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Consistent property values in the current fiscal year as well as several building permits issued relating to new construction, improvements, additions, and other enhancements to properties should result in higher property valuations in subsequent years.
- Continued effort by the Town to limit excess costs.

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities: Property taxes and revenues from sales taxes are expected to lead the increase in budgeted revenue by 1%. Property taxes and sales taxes are budgeted to account for 64% and 32% of General Fund revenues, respectively. The Town will use these increases in revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to rise approximately 1% to \$3,987,627. The largest increments are in transportation and administration.

The Town has chosen not to appropriate fund balance in the fiscal year 2019 budget. Management believes that increased revenues and continued restrictions on spending will maintain the Town's financial position. Though management believes current growth will generate enough revenue to support Town operations, a careful analysis of property tax revenue will be considered in future years' budgets.

Business-type Activities: Budgeted expenditures in the Water Fund total \$727,000. There were no budgeted increases in water and sewer rates for the next fiscal year.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of Biltmore Forest, 355 Vanderbilt Road, Biltmore Forest, North Carolina 28803. One can also call (828) 274-0824, visit our website www.biltmoreforest.org, or send an email to townhall@biltmoreforest.org for more information.

BASIC FINANCIAL STATEMENTS

Exhibit 1**TOWN OF BILTMORE FOREST, NORTH CAROLINA**Statement of Net Position
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 3,813,173	\$ 94,243	\$ 3,907,416
Taxes receivable (net)	7,401		7,401
Due from other governments	356,764	136,277	493,041
Internal balances	68,759	(68,759)	
Inventories	2,229	11,100	13,329
Total current assets	<u>4,248,326</u>	<u>172,861</u>	<u>4,421,187</u>
Noncurrent assets:			
Capital assets:			
Land and non-depreciable improvements	161,650		161,650
Other capital assets, net of depreciation	<u>2,177,375</u>	<u>2,582,443</u>	<u>4,759,818</u>
Total capital assets	<u>2,339,025</u>	<u>2,582,443</u>	<u>4,921,468</u>
Total assets	<u>\$ 6,587,351</u>	<u>\$ 2,755,304</u>	<u>\$ 9,342,655</u>
Deferred Outflows of Resources	<u>\$ 964,426</u>	<u>\$ 27,435</u>	<u>\$ 991,861</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 84,259	\$ 2,892	\$ 87,151
Current portion of long-term liabilities	<u>145,555</u>	<u>1,722</u>	<u>147,277</u>
Total current liabilities	229,814	4,614	234,428
Long-term liabilities:			
Due in more than one year	<u>3,649,431</u>	<u>94,400</u>	<u>3,743,831</u>
Total liabilities	<u>\$ 3,879,245</u>	<u>\$ 99,014</u>	<u>\$ 3,978,259</u>
Deferred Inflows of Resources	<u>\$ 1,036,133</u>	<u>\$ 29,337</u>	<u>\$ 1,065,470</u>
Net Position			
Net investment in capital assets	\$ 2,024,093	\$ 2,582,443	\$ 4,606,536
Restricted for:			
Stabilization by State Statute	353,888		353,888
Unrestricted	<u>258,418</u>	<u>71,945</u>	<u>330,363</u>
Total net position	<u>\$ 2,636,399</u>	<u>\$ 2,654,388</u>	<u>\$ 5,290,787</u>

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

Exhibit 2

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Govern- mental Activities	Business- type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 595,408	\$ 24,791	\$	\$	\$ (570,617)	\$	\$ (570,617)
Public safety	1,955,805				(1,955,805)		(1,955,805)
Transportation	268,296		63,787		(204,509)		(204,509)
Physical development	936,903		966		(935,937)		(935,937)
Interest on long-term debt	<u>8,969</u>				<u>(8,969)</u>		<u>(8,969)</u>
Total governmental activities (See Note 1)	3,765,381	24,791	64,753		(3,675,837)		(3,675,837)
Business-type activities:							
Water	<u>818,898</u>	<u>772,220</u>				(46,678)	(46,678)
Total primary government	<u>\$ 4,584,279</u>	<u>\$ 797,011</u>	<u>\$ 64,753</u>	<u>\$</u>	<u>(3,675,837)</u>	<u>(46,678)</u>	<u>(3,722,515)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					2,553,520		2,553,520
Other taxes					1,310,059		1,310,059
Unrestricted investment earnings					39,630	1,105	40,735
Miscellaneous					<u>50,020</u>		<u>50,020</u>
Total general revenue					<u>3,953,229</u>	<u>1,105</u>	<u>3,954,334</u>
Change in net position					<u>277,392</u>	<u>(45,573)</u>	<u>231,819</u>
Net position, beginning, previously reported					5,232,222	2,789,357	8,021,579
Restatement					<u>(2,873,215)</u>	<u>(89,396)</u>	<u>(2,962,611)</u>
Net position, beginning, restated					<u>2,359,007</u>	<u>2,699,961</u>	<u>5,058,968</u>
Net position, ending					<u>\$ 2,636,399</u>	<u>\$ 2,654,388</u>	<u>\$ 5,290,787</u>

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

Exhibit 3**TOWN OF BILTMORE FOREST, NORTH CAROLINA**

Balance Sheet
Governmental Funds
June 30, 2018

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 3,813,173	\$	\$ 3,813,173
Taxes receivable (net)	7,401		7,401
Due from other governments	356,764		356,764
Due from other funds	68,759		68,759
Inventories	<u>2,229</u>	<u></u>	<u>2,229</u>
Total assets	<u>\$ 4,248,326</u>	<u>\$</u>	<u>\$ 4,248,326</u>
Liabilities			
Accounts payable and accrued liabilities	<u>\$ 84,259</u>	<u>\$</u>	<u>\$ 84,259</u>
Deferred Inflows of Resources	<u>88,552</u>	<u></u>	<u>88,552</u>
Fund Balances			
Non Spendable			
Inventories	2,229		2,229
Restricted			
Stabilization by State statute	353,888		353,888
Unassigned	<u>3,719,398</u>	<u></u>	<u>3,719,398</u>
Total fund balances	<u>4,075,515</u>	<u></u>	<u>4,075,515</u>
Total liabilities and fund balances	<u>\$ 4,248,326</u>	<u>\$</u>	

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

Exhibit 3**TOWN OF BILTMORE FOREST, NORTH CAROLINA**

Balance Sheet
 Governmental Funds (continued)
 June 30, 2018

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

Total Fund Balance, Governmental Funds		\$ 4,075,515
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 4,778,306	
Accumulated depreciation	<u>(2,439,281)</u>	2,339,025
Deferred outflows of resources related to pensions are not reported in the funds		368,078
Deferred outflows of resources related to OPEB are not reported in the funds		596,348
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt	(314,932)	
Accrued compensated absences	(60,149)	
Net pension liability	(397,011)	
Total pension liability	(336,625)	
OPEB liability	<u>(2,686,269)</u>	(3,794,986)
Deferred inflows of resources related to pensions are not reported in the funds.		(14,186)
Deferred inflows of resources related to OPEB are not reported in the funds		<u>(933,395)</u>
Net position of governmental activities		<u>\$ 2,636,399</u>

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

Exhibit 4**TOWN OF BILTMORE FOREST, NORTH CAROLINA**

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	Major Funds		Total
	General Fund	Capital Project Fund	Governmental Funds
Revenues			
Ad valorem taxes	\$ 2,553,520	\$	\$ 2,553,520
Unrestricted intergovernmental	1,310,059		1,310,059
Restricted intergovernmental	64,753		64,753
Permits and fees	24,791		24,791
Investment earnings	39,630		39,630
Miscellaneous	43,381		43,381
Total revenues	<u>4,036,134</u>		<u>4,036,134</u>
Expenditures			
Current:			
General government	554,086		554,086
Public safety	1,763,221		1,763,221
Transportation	189,658		189,658
Physical development	978,407		978,407
Debt service:			
Principal	61,241		61,241
Interest and other charges	8,969		8,969
Total expenditures	<u>3,555,582</u>		<u>3,555,582</u>
Excess of revenues over expenditures	<u>480,552</u>		<u>480,552</u>
Other financing sources			
Sales of capital assets	10,907		10,907
Installment purchase obligations issued	103,000		103,000
Total other financing sources	<u>113,907</u>		<u>113,907</u>
Net change in fund balance	594,459		594,459
Fund balance, beginning	<u>3,481,056</u>		<u>3,481,056</u>
Fund balance, ending	<u>\$ 4,075,515</u>	<u>\$</u>	<u>\$ 4,075,515</u>

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

Exhibit 4**TOWN OF BILTMORE FOREST, NORTH CAROLINA**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2018

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

Net changes in fund balances - total governmental funds		\$ 594,459
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period		
Capital outlay expenditures which were capitalized	\$ 139,718	
Depreciation expense for governmental assets	<u>(229,153)</u>	(89,435)
Cost of capital asset disposed of during the year, not recognized on modified accrual basis		(4,268)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		114,994
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		15,309
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Activities		87,947
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.		
New long-term debt issued	(103,000)	
Principal payments on long-term debt	<u>61,241</u>	(41,759)
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	2,227	
Pension expense	(164,034)	
OPEB plan expense	<u>(238,048)</u>	<u>(399,855)</u>
Total changes in net position of governmental activities		<u>\$ 277,392</u>

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

Exhibit 5**TOWN OF BILTMORE FOREST, NORTH CAROLINA**

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2018

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Variance with final budget- positive (negative)
Revenues:				
Ad valorem taxes	\$ 2,567,673	\$ 2,567,673	\$ 2,553,520	\$ (14,153)
Unrestricted intergovernmental	1,241,795	1,258,104	1,310,059	51,955
Restricted intergovernmental	64,700	64,700	64,753	53
Permits and fees	26,000	26,000	24,791	(1,209)
Investment earnings	10,000	10,000	39,630	29,630
Miscellaneous	42,700	50,530	43,381	(7,149)
Total revenues	<u>3,952,868</u>	<u>3,977,007</u>	<u>4,036,134</u>	<u>59,127</u>
Expenditures:				
Current:				
General government	785,426	791,535	554,086	237,449
Public safety	1,835,002	1,843,032	1,763,221	79,811
Transportation	276,556	276,556	189,658	86,898
Physical development	943,657	1,056,657	978,407	78,250
Debt service:				
Principal retirement	100,258	100,258	61,241	39,017
Interest and other charges	11,969	11,969	8,969	3,000
Total expenditures	<u>3,952,868</u>	<u>4,080,007</u>	<u>3,555,582</u>	<u>524,425</u>
Revenues over (under) expenditures		<u>(103,000)</u>	<u>480,552</u>	<u>583,552</u>
Other financing sources:				
Sales of capital assets			10,907	10,907
Installment purchase obligations issued		103,000	103,000	
Total other financing sources		<u>103,000</u>	<u>113,907</u>	<u>10,907</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	594,459	<u>\$ 594,459</u>
Fund balance, beginning			<u>3,481,056</u>	
Fund balance, ending			<u>\$ 4,075,515</u>	

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Statement of Fund Net Position
Proprietary Fund
June 30, 2018**Assets**

Current assets:

Cash and cash equivalents	\$ 94,243
Accounts receivable (net)	136,277
Inventories	<u>11,100</u>
Total current assets	241,620

Noncurrent assets:

Capital assets, net of depreciation	<u>2,582,443</u>
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Total assets	<u>\$ 2,824,063</u>
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Deferred Outflows of Resources

Pension deferrals	\$ 8,881
OPEB deferrals	<u>18,554</u>
Total deferred outflows of resources	<u>\$ 27,435</u>

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	\$ 2,892
Due to other funds	68,759
Compensated absences - current	<u>1,722</u>
Total current liabilities	<u>73,373</u>

Noncurrent liabilities:

Compensated absences	347
Net pension liability	10,474
Total OPEB liability	<u>83,579</u>
Total noncurrent liabilities	<u>94,400</u>

Total liabilities	<u>\$ 167,773</u>
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Deferred Inflows of Resources

Pension deferrals	\$ 296
OPEB deferrals	<u>29,041</u>
Total deferred inflows of resources	<u>\$ 29,337</u>

Net Position

Net investment in capital assets	\$ 2,582,443
Unrestricted	<u>71,945</u>
Total net position	<u>\$ 2,654,388</u>

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Fund For the Year Ended June 30, 2018

Operating revenues

Water sales	\$ 741,004
Water tap and connection fees	15,080
AMI transmitter charges	6,931
Commissions, sewer charge collection	<u>9,205</u>
Total operating revenues	<u>772,220</u>

Operating expenses

Salaries	49,770
Social security tax	3,671
Employee benefits	27,321
Maintenance and supplies	33,752
Water and sewer purchases	532,617
Professional services	3,809
Depreciation	166,173
Training and education	<u>1,785</u>
Total operating expenses	<u>818,898</u>

Operating loss (46,678)

Nonoperating revenues

Investment earnings	<u>1,105</u>
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Change in net position (45,573)

Total net position, previously reported 2,789,357

Beginning net position, restated 2,699,961

Total net position, ending \$ 2,654,388

Exhibit 8**TOWN OF BILTMORE FOREST, NORTH CAROLINA**

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2018

Cash flows from operating activities

Cash received from customers	\$ 748,914
Cash paid for goods and services	(631,606)
Cash paid to or on behalf of employees for services	<u>(79,066)</u>
Net cash provided by operating activities	<u>38,242</u>

Cash flows from noncapital financing activities

Decrease in due to other funds	<u>(38,242)</u>
--------------------------------	-----------------

Cash flows from investing activities

Interest	<u>1,105</u>
Net increase in cash and cash equivalents	1,105
Balances, beginning	<u>93,138</u>
Balances, ending	<u><u>\$ 94,243</u></u>

**Reconciliation of operating loss to net cash
 provided by operating activities:**

Operating loss	\$ (46,678)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	166,173
Change in assets, and deferred outflows, liabilities, and deferred inflows of resources:	
Increase in accounts receivable	(23,306)
Decrease in deferred outflows of resources - pensions	8,120
Increase in deferred outflows of resources - OPEB	(18,554)
Decrease in net pension liability	(8,418)
Decrease in OPEB liability	(5,817)
Decrease in deferred inflows of resources - pensions	(269)
Increase in deferred inflows of resources - OPEB	29,041
Decrease in accounts payable and accrued liabilities	(61,087)
Decrease in accrued compensated absences	<u>(963)</u>
Total adjustments	<u>84,920</u>
Net cash provided by operating activities	<u><u>\$ 38,242</u></u>

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Town of Biltmore Forest conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected mayor and a three-member board of commissioners.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities, however interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category - *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

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

Note 1 - Summary of Significant Accounting Policies (continued)

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety and street maintenance and construction.

The Town reports the following major enterprise fund:

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

C. Measurement Focus and Basis of Accounting

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Biltmore Forest because the tax is levied by Buncombe County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

Note 1 - Summary of Significant Accounting Policies (continued)

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the General Fund, the Capital Projects Fund, and the Enterprise Fund. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is NCCMT's share price. The NCCMT - Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Note 1 - Summary of Significant Accounting Policies (continued)

3. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values of January 1, 2017.

4. 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.

5. Inventory

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

The inventories of the Town's enterprise fund consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000; computer software, \$5,000; and computer equipment, \$500. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of the road network and water system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Note 1 - Summary of Significant Accounting Policies (continued)

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and system	40
Infrastructure	5-20
Equipment and furniture	3-10
Vehicles and motorized equipment	5-10
Computer equipment	3
Computer software	3
Substations, lines, and related equipment	40
Other improvements	10-40

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion - pension and OPEB related deferrals for the 2018 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 two items that meet the criterion for this category - prepaid taxes and OPEB and pension related deferrals.

8. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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

10. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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)]. This amount is primarily comprised of accounts receivable and interfund receivables, which have not been offset by deferred inflows.

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 Biltmore Forest's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance - portion of fund balance that the Town of Biltmore Forest intends to use for specific purposes. Unassigned fund balance may be assigned by the Board of Commissioners for specific purposes through the budget process or agenda items.

Note 1 - Summary of Significant Accounting Policies (continued)

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$100,000.

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

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

The Town 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 20% of budgeted expenditures. Any portion of the general fund balance in excess of 20% 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.

11. Defined Benefit Pension Plan and OPEB Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS), the Retiree Health Benefit Fund (RHBF), and additions to/deductions from LGERS' and RHBF fiduciary net position have been determined on the same basis as they are reported by LGERS and RHBF. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Biltmore Forest's employer contributions are recognized when due and the Town of Biltmore Forest has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS and RHBF. Investments are reported at fair value.

F. Other

Contract for Fire Suppression Service and Emergency Medical Service

During the fiscal year ended June 30, 2014, the Town entered into an agreement with Skyland Fire and Rescue Corporation, a municipal corporation, through which Skyland Fire and Rescue would provide fire protection services and emergency medical services for the Town. The initial term of the contract is for 15 years, ending on September 1, 2028, with the option to continue with mutually agreeable terms. The cost of the services rendered by Skyland Fire and Rescue for the fiscal year ended June 30, 2018, was \$425,000.

Note 2 - Stewardship, Compliance, and Accountability

The Town does not have any instances of stewardship, compliance, and accountability issues to report.

Note 3 - Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2018, the Town's deposits had a carrying amount of \$245,097 and a bank balance of \$315,188. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2018, the Town's petty cash fund totaled \$185.

2. Investments

At June 30, 2018, the Town had \$3,662,134 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables - Allowance for Doubtful Accounts

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Position includes penalties levied or outstanding.

Note 3 - Detail Notes on All Funds (continued)

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2018 are net of the following allowances for doubtful accounts:

General fund:	
Taxes receivable	\$ 1,331
Water fund:	
Accounts receivable	1,339
Total	<u>\$ 2,670</u>

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2018, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 161,650	\$	\$	\$ 161,650
Capital assets being depreciated:				
Buildings	1,209,243			1,209,243
Other improvements	145,392			145,392
Equipment and furniture	275,867		34,645	241,222
Vehicles and motorized equipment	1,332,540	139,718	37,958	1,434,300
Infrastructure	<u>1,586,499</u>			<u>1,586,499</u>
Total capital assets being depreciated	<u>4,549,541</u>	<u>\$ 139,718</u>	<u>\$ 72,603</u>	<u>4,616,656</u>
Less accumulated depreciation for:				
Buildings	401,670	25,922		427,592
Other improvements	83,037	5,768		88,805
Equipment and furniture	230,836	19,224	34,645	215,415
Vehicles and motorized equipment	772,369	111,640	33,690	850,319
Infrastructure	<u>790,551</u>	<u>66,599</u>		<u>857,150</u>
Total accumulated depreciation	<u>2,278,463</u>	<u>\$ 229,153</u>	<u>\$ 68,335</u>	<u>2,439,281</u>
Total capital assets being depreciated, net	<u>2,271,078</u>			<u>2,177,375</u>
Governmental activity capital assets, net	<u>\$ 2,432,728</u>			<u>\$ 2,339,025</u>

Note 3 - Detail Notes on All Funds (continued)

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

General government	\$ 34,785
Public safety	48,076
Transportation	76,689
Physical development	<u>69,603</u>
Total depreciation expense	<u>\$ 229,153</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	<u>\$ 136,709</u>	<u>\$</u>	<u>\$ 136,709</u>	<u>\$</u>
Capital assets being depreciated:				
Water system	4,654,660	136,709		4,791,369
Other equipment	<u>87,207</u>	<u></u>	<u></u>	<u>87,207</u>
Total capital assets being depreciated	<u>4,741,867</u>	<u>\$ 136,709</u>	<u>\$</u>	<u>4,878,576</u>
Less accumulated depreciation for:				
Water system	2,046,457	165,834		2,212,291
Other equipment	<u>83,503</u>	<u>339</u>	<u></u>	<u>83,842</u>
Total accumulated depreciation	<u>2,129,960</u>	<u>\$ 166,173</u>	<u>\$</u>	<u>2,296,133</u>
Total capital assets being depreciated, net	<u>2,611,907</u>			<u>2,582,443</u>
Water fund capital assets, net	<u>\$ 2,748,616</u>			<u>\$ 2,582,443</u>

Construction commitments:

The government has no active construction projects as of June 30, 2018.

Note 3 - Detail Notes on All Funds (continued)

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who 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, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined at 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. 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 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.

Note 3 - Detail Notes on All Funds (continued)

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Biltmore Forest 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 Biltmore Forest's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.50% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$114,994 for the year ended June 30, 2018.

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, 2018, the Town reported a liability of \$347,099 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing updated procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.023%, which was an increase of 0.001% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$129,056. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,996	\$ 9,825
Changes of assumptions	49,570	
Net difference between projected and actual earnings on pension plan investments	84,276	
Changes in proportion and differences between Town contributions and proportionate share of contributions	25,492	
Town contributions subsequent to the measurement date	114,994	
Total	<u>\$ 294,328</u>	<u>\$ 9,825</u>

Note 3 - Detail Notes on All Funds (continued)

\$114,994 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$	29,256
2020		109,982
2021		54,215
2022		(23,943)
2023		-
Thereafter		-

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

Note 3 - Detail Notes on All Funds (continued)

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 weighing 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. 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 statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.20 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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

Note 3 - Detail Notes on All Funds (continued)

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability (asset)	\$ 1,041,998	\$ 347,099	\$ (232,923)

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 Allowance*(1) Plan Description*

The Town administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>14</u>
Total	<u><u>15</u></u>

(2) Summary of Significant Accounting Policies

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

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

Note 3 - Detail Notes on All Funds (continued)

(3) Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate is based on the S&P Municipal Bond 20-year High Grade Rate Index as of December 31, 2017.

Mortality rates are based on the RP-2014 mortality tables base rates projected to the valuation date using MP-2015.

(4) Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$23,660 as benefits came due for the reporting period.

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

At June 30, 2018, the Town reported a total pension liability of \$397,011. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of \$49,718.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,925	\$
Changes of assumptions	23,397	4,657
Town benefit payments and plan administrative expense made subsequent to the measurement date	15,309	
Total	<u>\$ 82,631</u>	<u>\$ 4,657</u>

Note 3 - Detail Notes on All Funds (continued)

\$15,309 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows.

Year ended June 30:

2019	\$	1,032
2020		1,032
2021		1,032
2022		1,032
2023		529
Thereafter		-

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.16 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$ 429,840	\$ 397,011	\$ 366,898

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

	2018
Beginning balance	\$ 309,509
Service Cost	18,555
Interest on the total pension liability	11,490
Difference between expected and actual experience	52,926
Changes of assumptions or other inputs	28,191
Benefit payments	(23,660)
Ending balance of the total pension liability	<u>\$ 397,011</u>

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Note 3 - Detail Notes on All Funds (continued)

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 129,056	\$ 49,718	\$ 178,774
Pension Liability	347,099	397,011	744,110
Proportionate share of net pension liability	0.02272%	n/a	

Deferred Outflows of Resources

Differences between expected and actual experience	19,996	43,925	63,921
Changes of assumptions	49,570	23,397	72,967
Net difference between projected and actual earnings on plan investments	84,276		84,276
Changes in proportion and differences between contributions and proportionate share of contributions	25,492		25,492
Benefit payments and administrative costs paid subsequent to the measurement date	114,994	15,309	130,303

Deferred Inflows of Resources

Differences between expected and actual experience	9,825		9,825
Changes of assumptions		4,657	4,657

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan.

Note 3 - Detail Notes on All Funds (continued)

The Town made contributions of \$39,667 for the reporting year. No amounts were forfeited.

d. Supplemental Retirement Income Plan for General Employees

Plan Description. The Town has elected to contribute to the Plan for the general employees as well as for law enforcement officers. Participation begins at the date of employment. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each month the Town contributes an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. The general employees may also make voluntary contributions to the plan.

The Town made contributions of \$33,029 for the reporting year. No amounts were forfeited.

e. Other Postemployment Benefits

Healthcare Benefits

Plan Description. The Retiree Health Benefit Fund (RHBF) has been established as a fund to provide health benefits to retired and disabled employees and their applicable beneficiaries. RHBF is established by General Statute 135-7, Article 1. It is a cost-sharing, multiple-employer, defined benefit healthcare plan, exclusively for the benefit of former employees of the State, the University of North Carolina System, and community colleges. In addition, LEA's, charter schools, and some select local governments also participate.

Management of the plan is vested in the State Health Plan Board of Trustees, which consists of 13 members: eight appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, the State Treasurer, the State Superintendent, and the Director of the Office of State Human Resources who serve as ex-officio members. RHBF is supported by a percent of payroll contribution from participating employing units. Each year the percentage is set in legislation, as are the maximum per retiree contributions from RHBF to the State Health Plan. The State Treasurer, with the approval of the State Health Plan Board of Trustees, then sets the employer contributions (subject to the legislative cap) and the premiums to be paid by retirees, as well as the health benefits to be provided through the State Health Plan.

The financial statements and other required disclosures for the plan are presented in the State of North Carolina's CAFR, which can be found at <https://www.osc.nc.gov/public-information/reports>.

Benefits provided. Plan benefits received by retired employees and disabled employees from RHBF are OPEB. The healthcare benefits for retired and disabled employees who are not eligible for Medicare are the same as for active employees. The plan options change when former employees become eligible for Medicare. Medicare retirees have the option of selecting one of two-fully insured Medicare Advantage/Prescription Drug Plan (MA-PDP) options of the self-funded Traditional 70/30 preferred Provider Organization plan option that is also offered to non-Medicare members. If the Traditional 70/30 Plan is selected by a Medicare retiree, the self-funded State Health Plan is secondary to Medicare.

Note 3 - Detail Notes on All Funds (continued)

Those former employees who are eligible to receive medical benefits from RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly 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 or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 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 noncontributory premium.

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired before January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state-supported retired employees' health benefits. Contribution rates to RHBF, 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 current fiscal year, the Town contributed 6.05% of covered payroll which amounted to \$87,947.

At June 30, 2018, the Town reported a liability of \$2,769,848 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016. The total OPEB liability was then rolled forward to the measurement date of June 30, 2017 utilizing updated procedures incorporating the actuarial assumptions. The Town's proportion of the net OPEB liability was based on a projection of the Town's present value of future salary, actuarially determined. At June 30, 2017, the Town's proportion was 0.00845%.

Note 3 - Detail Notes on All Funds (continued)

\$87,947 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$ (87,148)
2020	(87,148)
2021	(87,148)
2022	(87,148)
2023	(86,890)
Thereafter	-

Actuarial assumptions. Common actuarial assumptions for both OPEB plans follow individual note disclosures for each OPEB plan.

Inflation	2.75%
Salary increases	3.50 to 8.10%, include 3.5% inflation and productivity factor
Investment rate of return	7.20%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate - medical	5.00-6.50%
Healthcare cost trend rate - prescription drug	5.00-7.25%
Healthcare cost trend rate - Medicare advantage	4.00-5.00%
Healthcare cost trend rate - administrative	3.00%

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.58%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.58% was used as the discount rate used to measure the total OPEB liability. The 3.58% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2017.

Sensitivity of the Town's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB liability	\$ 3,304,270	\$ 2,769,848	\$ 2,345,976

Note 3 - Detail Notes on All Funds (continued)

Sensitivity of the Town's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the Town's proportionate share of the net OPEB liability, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	1% Decrease (Medical - 4.00-5.50%, Pharmacy - 4.00-6.25%, Medicare Advantage - 3.00-4.00%, <u>Administrative - 2.00%</u>)	Healthcare Trend Rates (Medical - 5.00-6.50%, Pharmacy - 5.00-7.25%, Medicare Advantage - 4.00-5.00%, <u>Administrative 3.00%</u>)	1% Increase (Medical - 6.00-7.50%, Pharmacy - 6.00-8.25%, Medicare Advantage - 5.00-6.00%, <u>Administrative - 4.00%</u>)
Net OPEB liability	\$ 2,262,711	\$ 2,769,848	\$ 3,443,899

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CAFR for the State of North Carolina.

2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

Note 3 - Detail Notes on All Funds (continued)

3. Deferred Outflows and Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
(Pensions, OPEB) - difference between expected and actual experience	\$ 63,921	\$ 208,428
(Pension, OPEB) - net difference between projected and actual investment earnings	84,276	1,029
(Pensions) - change in proportion and difference between employer contributions and proportionate share of contributions	552,447	
(Pensions, OPEB) - change in assumptions	72,967	767,461
Contributions to pension plan subsequent to measurement date (LGRS)	114,994	
Benefit payments and administrative costs paid subsequent to measurement date (LEOSSA)	15,309	
Benefit payments for the OPEB plan paid subsequent to measurement date	87,947	
Prepaid taxes not yet earned (General)		88,552
Total	<u>\$ 991,861</u>	<u>\$ 1,065,470</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability, and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The property liability pool has an aggregate limit for total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

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

The Town has a Flood Damage Prevention Ordinance and has a small area that has been identified and mapped by the Flood Insurance Rate Map. There is no historical evidence of flood damage in the areas identified and Floodplain Insurance does not appear to be necessary at this time.

Note 3 - Detail Notes on All Funds (continued)

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Town Manager and tax collector are each individually bonded for \$50,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

4. Claims, Judgments, and Contingent Liabilities

At June 30, 2018, the Town was not a defendant to any lawsuits.

5. Long-Term Obligations

a. Installment Purchases

Serviced by the General Fund:

Note payable, bearing interest at 2.34% per annum, due in 3 annual payments with fixed payment schedule of \$35,953 beginning November 16, 2018 and ending on November 16, 2020, collateralized by a garbage truck and for use in its transportation segment. \$ 103,000

Note payable, bearing interest at 2.21% per annum, due in 3 annual payments with fixed payment schedule of \$32,637 beginning March 1, 2016 and ending on March 1, 2019, collateralized by a garbage truck and for use in its transportation segment. 31,932

Note payable, bearing interest at 3.81% per annum, due in 60 quarterly payments with fixed principal payment schedule of \$1,667 plus accrued interest, beginning August 7, 2009 and ending on May 7, 2024, collateralized by a deed of trust and for use in its transportation segment. 40,000

Note payable, bearing interest at 3.81% per annum, due in 60 quarterly payments with fixed principal payment schedule of \$5,833 plus accrued interest, beginning August 7, 2009 and ending on May 7, 2024, collateralized by a deed of trust and for use in its public safety segment. 140,000
314,932

Less, current portion 95,474

Noncurrent portion of notes payable \$ 219,458

Note 3 - Detail Notes on All Funds (continued)

Annual debt service payments for installment purchases as of June 30, 2018, including \$26,997 of interest, are as follows:

Years Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 95,474	\$ 9,546
2020	64,327	6,912
2021	65,131	4,966
2022	30,000	3,001
2023	30,000	1,858
2024-2028	<u>30,000</u>	<u>714</u>
	<u>\$ 314,932</u>	<u>\$ 26,997</u>

b. Changes in Long-Term Liabilities

	Beginning Balance, Restated	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Installment purchase	\$ 273,173	\$ 103,000	\$ 61,241	\$ 314,932	\$ 95,474
Compensated absences	62,376	60,755	62,982	60,149	50,081
Total OPEB liability	2,957,706		271,437	2,686,269	
Net pension liability (LGERS)	455,662		119,037	336,625	
Total pension liability (LEO)	<u>309,509</u>	<u>87,502</u>		<u>397,011</u>	
Governmental activities long-term liabilities	<u>\$ 4,058,426</u>	<u>\$ 251,257</u>	<u>\$ 514,697</u>	<u>\$ 3,794,986</u>	<u>\$ 145,555</u>
Business-type activities:					
Compensated absences	\$ 3,032	\$ 1,159	\$ 2,122	\$ 2,069	\$ 1,722
Total OPEB liability	89,396		5,817	83,579	
Net pension liability (LGERS)	<u>18,892</u>		<u>8,418</u>	<u>10,474</u>	
Business-type activities long-term liabilities	<u>\$ 111,320</u>	<u>\$ 1,159</u>	<u>\$ 16,357</u>	<u>\$ 96,122</u>	<u>\$ 1,722</u>

Net pension liability, total pension liability, net other postemployment liability, and compensated absences for governmental activities are all typically liquidated in the general fund.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2018, consist of the following:

Due to General Fund for the allocation of costs from the:

Water Fund \$ 68,759

Note 3 - Detail Notes on All Funds (continued)

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

D. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 2,339,025	\$ 2,582,443
Less: long-term debt	314,932	
Net investment in capital assets	<u>\$ 2,024,093</u>	<u>\$ 2,582,443</u>

E. Fund Balance

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

Total fund balance - General Fund	\$ 4,075,515
Less:	
Inventories	2,229
Stabilization by State Statute	353,888
Remaining fund balance	3,719,398

The Town has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures.

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

<u>Encumbrances</u>	<u>General Fund</u>	<u>Non-Major Funds</u>
	\$9,516	\$0

Note 4 - Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Note 5 - Significant Effects of Subsequent Events

Management has evaluated subsequent events through November 1, 2018, the date the financial statements were available to be issued.

Note 5 - Significant Effects of Subsequent Events (continued)

In October 2018, the Town entered into a contract for the construction of a new public works building, with a guaranteed maximum price of \$1,497,520. The Town obtained a financing agreement for \$800,000, which will be drawn down as a project fund. Once these resources are completely utilized, the Town's General Fund balance will be used for the remaining work.

Note 6 - Restatement

Change in Accounting Principle

The Town implemented Governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Town to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the Town related to OPEB during the measurement period (fiscal year ending December 31, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$2,873,215 and \$89,396 for the business-type activities.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Town's Proportionate Share of Net Pension Liability (Asset) Required Supplementary Information Last Five Fiscal Years *

Local Government Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Biltmore Forest's proportion of the net pension liability (asset) (%)	0.02272%	0.02236%	0.02205%	0.01902%	0.02010%
Biltmore Forest's proportion of the net pension liability (asset) (\$)	\$ 347,099	\$ 474,554	\$ 98,960	\$ (112,170)	\$ 242,282
Biltmore Forest's covered payroll	\$ 1,462,980	\$ 1,397,262	\$ 1,321,703	\$ 1,222,192	\$ 1,212,016
Biltmore Forest's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.73%	33.96%	7.49%	(9.18%)	19.99%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Town of Biltmore Forest's Contributions Required Supplementary Information Last Five Fiscal Years

Local Government Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 114,994	\$ 112,193	\$ 96,833	\$ 95,936	\$ 89,522
Contributions in relation to the contractually required contribution	<u>114,994</u>	<u>112,193</u>	<u>96,833</u>	<u>95,936</u>	<u>89,522</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Biltmore Forest's covered payroll	<u>\$ 1,453,664</u>	<u>\$ 1,462,980</u>	<u>\$ 1,397,262</u>	<u>\$ 1,321,703</u>	<u>\$ 1,222,192</u>
Contributions as a percentage of covered payroll	7.91%	7.67%	6.93%	7.26%	7.32%

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2018

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 309,509	\$ 302,518
Service cost	18,555	17,337
Interest on the total pension liability	11,490	10,547
Differences between expected and actual experience in the measurement of the total pension liability	52,926	
Changes of assumptions or other inputs	28,191	(6,721)
Benefit payments	<u>(23,660)</u>	<u>(14,172)</u>
Ending balance of the total pension liability	<u>\$ 397,011</u>	<u>\$ 309,509</u>

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2018

	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 397,011	\$ 309,509
Covered payroll	853,284	791,135
Total pension liability as a percentage of covered payroll	46.53%	39.12%

Notes to the schedule:

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Schedule of the Town's Proportionate Share of Net OPEB Liability Retiree Health Benefit Fund Last Fiscal Year *

	<u>2018</u>
Town's proportion of the net OPEB liability (asset)	0.00845%
Town's proportionate share of the net OPEB liability (asset)	\$ 2,769,848
Town's covered payroll	\$ 1,453,664
 Town's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	 190.54%
Plan Fiduciary net position as a percentage of the total OPEB liability	3.52%

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Schedule of Town Contributions
Retiree Health Benefit Fund
Last Fiscal Year

	<u>2018</u>
Contractually required contribution	\$ 87,947
Contributions in relation to the contractually required contribution	<u>87,947</u>
Contribution deficiency (excess)	<u>\$</u>
Town's covered payroll	<u>\$ 1,453,664</u>
Contributions as a percentage of the covered payroll	6.05%

**INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

TOWN OF BILTMORE FOREST, NORTH CAROLINA

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Ad valorem taxes:			
Taxes	\$ 2,565,173	\$ 2,549,133	\$ (16,040)
Interest	<u>2,500</u>	<u>4,387</u>	<u>1,887</u>
Total	<u>2,567,673</u>	<u>2,553,520</u>	<u>(14,153)</u>
Unrestricted intergovernmental:			
Local option sales taxes	1,083,010	1,085,772	2,762
Franchise tax	168,794	218,157	49,363
Beer and wine tax	<u>6,300</u>	<u>6,130</u>	<u>(170)</u>
Total	<u>1,258,104</u>	<u>1,310,059</u>	<u>51,955</u>
Restricted intergovernmental:			
Solid waste disposal tax	1,200	966	(234)
Powell Bill allocation	<u>63,500</u>	<u>63,787</u>	<u>287</u>
Total	<u>64,700</u>	<u>64,753</u>	<u>53</u>
Permits and fees:			
Dog license fee	1,000	1,965	965
Building permits	<u>25,000</u>	<u>22,826</u>	<u>(2,174)</u>
Total	<u>26,000</u>	<u>24,791</u>	<u>(1,209)</u>
Investment earnings:			
Interest	<u>10,000</u>	<u>39,630</u>	<u>29,630</u>
Miscellaneous:			
Rental of community hall	1,000	900	(100)
American Tower	26,600	27,176	576
Grant	7,930		(7,930)
Other	<u>15,000</u>	<u>15,305</u>	<u>305</u>
Total	<u>50,530</u>	<u>43,381</u>	<u>(7,149)</u>
Total revenues	<u>3,977,007</u>	<u>4,036,134</u>	<u>59,127</u>

TOWN OF BILTMORE FOREST, NORTH CAROLINA

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (continued) For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures			
General government:			
Administration:			
Salaries and benefits	\$ 143,807	\$ 147,988	\$ (4,181)
Professional services	40,000	39,269	731
Other operating expenditures	34,723	20,597	14,126
Board salary	22,000	21,600	400
Capital outlay	15,000		15,000
Total	<u>255,530</u>	<u>229,454</u>	<u>26,076</u>
Other:			
Outside professional services	147,000	129,952	17,048
Contingency	138,505	1,442	137,063
General repairs	50,000	25,634	24,366
Electricity and utilities	87,450	88,005	(555)
Insurance	75,000	63,131	11,869
Other operating expenditures	38,050	16,468	21,582
Total	<u>536,005</u>	<u>324,632</u>	<u>211,373</u>
Total general government	<u>791,535</u>	<u>554,086</u>	<u>237,449</u>
Public safety:			
Police:			
Salaries and benefits	1,225,152	1,194,028	31,124
Vehicle maintenance	17,000	13,048	3,952
Other operating expenditures	100,880	70,265	30,615
Capital outlay	75,000	60,880	14,120
Total	<u>1,418,032</u>	<u>1,338,221</u>	<u>79,811</u>
Fire:			
Contracted fire services	425,000	425,000	
Total public safety	<u>1,843,032</u>	<u>1,763,221</u>	<u>79,811</u>

TOWN OF BILTMORE FOREST, NORTH CAROLINA

General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (continued) For the Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
Transportation:			
Salaries and benefits	\$ 66,556	\$ 64,375	\$ 2,181
Vehicle maintenance	5,000	1,903	3,097
Resurfacing contracts	133,500	104,428	29,072
Storm water drainage	40,000	3,500	36,500
Other operating expenditures	26,500	15,452	11,048
Capital outlay	5,000		5,000
Total transportation	<u>276,556</u>	<u>189,658</u>	<u>86,898</u>
Physical development:			
Public works:			
Salaries and benefits	523,287	524,669	(1,382)
Vehicle maintenance	30,000	14,786	15,214
Other operating expenditures	93,750	68,199	25,551
Street lighting	12,662	9,356	3,306
Total	<u>659,699</u>	<u>617,010</u>	<u>42,689</u>
Sanitation and recycling:			
Salaries and benefits	179,552	168,724	10,828
Tipping fees	61,054	58,366	2,688
Recycling	15,000	11,061	3,939
Other operating expenditures	18,352	15,606	2,746
Capital outlay	123,000	107,640	15,360
Total	<u>396,958</u>	<u>361,397</u>	<u>35,561</u>
Total physical development	<u>1,056,657</u>	<u>978,407</u>	<u>78,250</u>
Debt service:			
Principal retirement	100,258	61,241	39,017
Interest	11,969	8,969	3,000
Total debt service	<u>112,227</u>	<u>70,210</u>	<u>42,017</u>
Total expenditures	<u>4,080,007</u>	<u>3,555,582</u>	<u>524,425</u>

TOWN OF BILTMORE FOREST, NORTH CAROLINA

General Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual (continued)
For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues over (under) expenditures	<u>\$ (103,000)</u>	<u>\$ 480,552</u>	<u>\$ 583,552</u>
Other financing sources (uses):			
Sale of capital assets		10,907	10,907
Transfer to other funds:			
Installment purchase obligations issued	<u>103,000</u>	<u>103,000</u>	<u></u>
Total	<u>103,000</u>	<u>113,907</u>	<u>10,907</u>
Net change in fund balance	<u>\$</u>	594,459	<u>\$</u>
Fund balances, beginning		<u>3,481,056</u>	
Fund balances, ending		<u>\$ 4,075,515</u>	

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Water Fund Schedule of Revenues and Expenditures Budget and Actual (Non-GAAP) For the Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues			
Operating revenues:			
Water sales	\$ 813,568	\$ 741,004	\$ (72,564)
Water tap and connection fees	21,900	15,080	(6,820)
AMI transmitter charges	7,000	6,931	(69)
Commissions, sewer charge collections	<u>6,000</u>	<u>9,205</u>	<u>3,205</u>
Total operating revenues	848,468	772,220	(76,248)
Non-operating revenues:			
Investment earnings	<u>200</u>	<u>1,105</u>	<u>905</u>
Total revenues	<u>848,668</u>	<u>773,325</u>	<u>75,343</u>
Expenditures			
Operating expenditures:			
Salaries and benefits	80,090	77,622	2,468
Professional services	5,000	3,809	1,191
Repairs and maintenance	25,000	1,758	23,242
Other operating expenditures	41,600	25,175	16,425
Water purchases	225,880	203,040	22,840
Sewer purchases	344,755	329,577	15,178
Capital outlay	<u>126,343</u>	<u>8,604</u>	<u>117,739</u>
Total expenditures	<u>848,668</u>	<u>649,585</u>	<u>199,083</u>
Revenues over expenditures	<u>\$</u>	<u>\$ 123,740</u>	<u>\$ 123,740</u>

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP) (continued)
For the Year Ended June 30, 2018

**Reconciliation from budgetary basis
(modified accrual) to full accrual:**

Revenues over expenditures	<u>\$ 123,740</u>
Reconciling items:	
Depreciation	(166,173)
Decrease in accrued vacation pay	963
Decrease in deferred outflows of resources - pensions	(8,120)
Decrease in net pension liability	8,418
Decrease in deferred inflow of resources - pensions	269
Increase in deferred outflows of resources - OPEB	18,554
Decrease in net OPEB liability	5,817
Increase in deferred inflows of resources - OPEB	<u>(29,041)</u>
Total reconciling items	<u>169,313</u>
Change in net position	<u>\$ (45,573)</u>

OTHER SCHEDULES

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable June 30, 2018

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2017</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2018</u>
2017-2018	\$	\$ 2,549,133	\$ 2,541,197	\$ 7,936
2016-2017	1,436		1,435	1
2015-2016	253		11	242
2014-2015	13			13
2013-2014	(95)		(95)	
2012-2013	<u>213</u>		<u>85</u>	<u>128</u>
	<u>\$ 1,820</u>	<u>\$ 2,549,133</u>	<u>\$ 2,542,633</u>	8,320
Less: allowance for uncollectible accounts General Fund				<u>1,331</u>
Ad valorem taxes receivable - net				<u>\$ 6,989</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				<u>\$ 2,553,520</u>
Reconciling items:				
Interest collected				(4,387)
Recovery of taxes written off				<u>(6,500)</u>
Subtotal				<u>(10,887)</u>
Total collections and credits				<u>\$ 2,542,633</u>

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Analysis of Current Tax Levy Town-Wide Levy June 30, 2018

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy: Property taxed at current rate	\$ 767,614,242	\$.330	\$ 2,533,127	\$ 2,442,451	\$ 90,676
Discoveries: Current year taxes	<u>4,850,169</u>	.330	<u>16,006</u>	<u>16,006</u>	
Total property valuation	<u>\$ 772,464,411</u>				
Net levy			2,549,133	2,458,457	90,676
Uncollected taxes at June 30, 2018			<u>(7,936)</u>	<u>(7,925)</u>	<u>(11)</u>
Current year's taxes collected			<u>\$ 2,541,197</u>	<u>\$ 2,450,532</u>	<u>\$ 90,665</u>
Current levy collection percentage			<u>99.69%</u>	<u>99.68%</u>	<u>99.99%</u>



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The background of the entire page is a photograph of a lush forest. The upper half shows tall trees with vibrant green leaves, with sunlight filtering through the canopy. The lower half shows a shallow stream flowing over dark, wet rocks, surrounded by dense green foliage.

STATISTICAL SECTION

- FINANCIAL TRENDS
- REVENUE CAPACITY
- DEBT CAPACITY
- DEMOGRAPHIC & ECONOMIC INFORMATION
- OPERATING INFORMATION

STATISTICAL SECTION

This part of the Town of Biltmore Forest's 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 says about the government's overall financial health.

CONTENTS

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current level of outstanding debt and the government's ability to issue additional debt in the future.

Demographic & Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

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

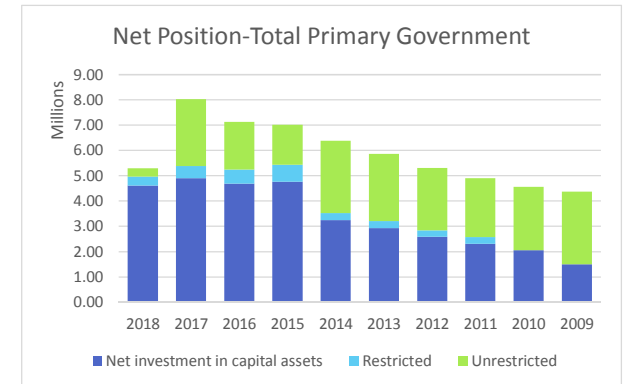
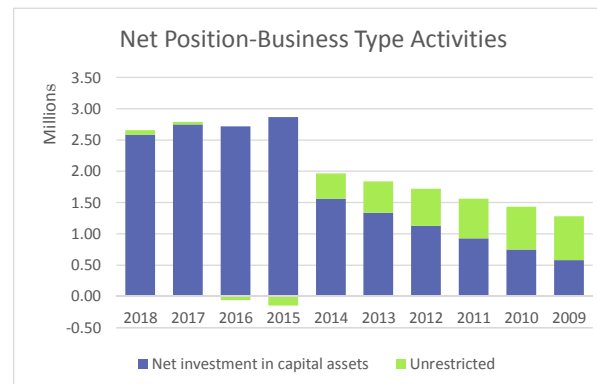
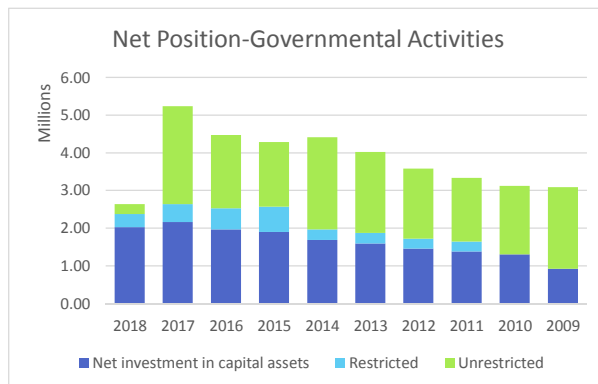
Net Position by Component

LAST TEN FISCAL YEARS (Accrual Basis of Accounting)

Table 1

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	2,024,093	2,159,555	1,966,802	1,896,427	1,689,871	1,591,336	1,460,574	1,381,423	1,305,664	923,951
Restricted	353,888	481,623	559,105	671,079	275,034	285,967	260,181	265,001	-	-
Unrestricted	258,418	2,591,044	1,947,191	1,720,731	2,452,254	2,145,732	1,863,632	1,691,125	1,818,640	2,167,864
Total governmental activities net position	2,636,399	5,232,222	4,473,098	4,288,237	4,417,159	4,023,035	3,584,387	3,337,549	3,124,304	3,091,815
Business-type activities										
Net investment in capital assets	2,582,443	2,748,616	2,716,339	2,868,354	1,562,331	1,334,553	1,125,180	927,517	746,707	578,414
Unrestricted	71,945	40,741	(59,466)	(145,078)	405,844	504,071	594,971	634,662	685,310	703,944
Total business-type activities net position	2,654,388	2,789,357	2,656,873	2,723,276	1,968,175	1,838,624	1,720,151	1,562,179	1,432,017	1,282,358
Primary government										
Net investment in capital assets	4,606,536	4,908,171	4,683,141	4,764,781	3,252,202	2,925,889	2,585,754	2,308,940	2,052,371	1,502,365
Restricted	353,888	481,623	559,105	671,079	275,034	285,967	260,181	265,001	-	-
Unrestricted	330,363	2,631,785	1,887,725	1,575,653	2,858,098	2,649,803	2,458,603	2,325,787	2,503,950	2,871,808
Total primary government net position*	5,290,787	8,021,579	7,129,971	7,011,513	6,385,334	5,861,659	5,304,538	4,899,728	4,556,321	4,374,173

*Implementation of GASB 75 in FYE 2018 impacted the total primary government net position. Refer to Note Disclosures-Other Postemployment Benefits in the Financial Section (p. 43) for additional information.



Changes in Net Position

LAST TEN FISCAL YEARS (Accrual Basis of Accounting)

Table 2-1

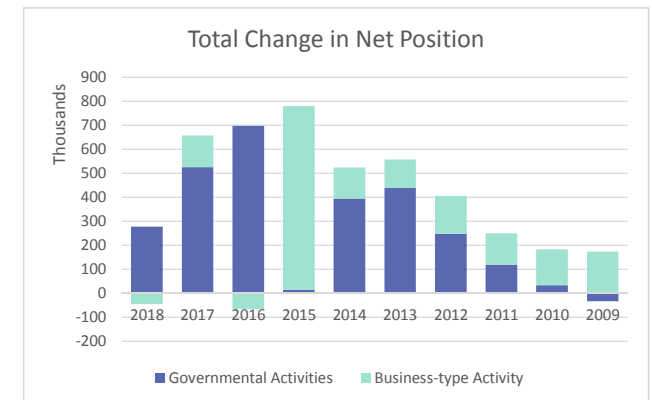
	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
EXPENSES										
Governmental Activities										
General government	595,408	554,137	930,904	871,317	945,468	1,123,490	1,143,393	1,140,004	1,116,312	1,112,437
Public safety	1,955,805	1,763,741	1,279,871	1,129,639	1,169,911	1,204,340	1,069,282	1,058,369	1,007,183	1,005,622
Transportation	268,296	161,855	138,229	136,924	102,595	59,888	88,686	123,096	125,509	116,777
Physical Development	936,903	949,973	826,119	664,888	653,183	531,537	605,693	598,153	599,411	618,202
Interest on long-term debt	8,969	10,788	9,859	11,013	12,290	13,622	15,252	17,254	19,125	2,259
Total Governmental Activities	3,765,381	3,440,494	3,184,982	2,813,781	2,883,447	2,932,877	2,922,306	2,936,876	2,867,540	2,855,297
Business-type Activity-										
Water	818,898	827,905	525,985	553,417	581,829	593,100	588,449	602,779	612,167	622,522
Total Business-type Activities	818,898	827,905	525,985	553,417	581,829	593,100	588,449	602,779	612,167	622,522
Total Expenses	4,584,279	4,268,399	3,710,967	3,367,198	3,465,276	3,525,977	3,510,755	3,539,655	3,479,707	3,477,819
PROGRAM REVENUES										
Governmental Activities:										
Charges for services										
General government	24,791	28,527	16,415	28,919	17,365	9,733	8,844	7,444	10,122	11,805
Public safety	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-	-
Physical Development	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	64,753	64,654	65,154	64,604	64,771	64,339	71,461	65,416	153,444	72,070
Capital grants and contributions	-	-	-	881	-	-	-	-	15,945	-
Total Governmental Activities	89,544	93,181	81,569	94,404	82,136	74,072	80,305	72,860	179,511	83,875
Business-type Activity-										
Charges for services										
Water*	772,220	878,508	459,582	408,146	371,047	373,854	405,255	389,252	334,082	362,504
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total Business-type Activity	772,220	878,508	459,582	408,146	371,047	373,854	405,255	389,252	334,082	362,504
Total Program Revenues	861,764	971,689	541,151	502,550	453,183	447,926	485,560	462,112	513,593	446,379
Net (Expense)/Revenue										
Government Activities	(3,675,837)	(3,347,313)	(3,103,413)	(2,719,377)	(2,801,311)	(2,858,805)	(2,842,001)	(2,864,016)	(2,688,029)	(2,771,422)
Business-type Activity	(46,678)	22,076	(66,403)	(145,271)	(210,782)	(219,246)	(183,194)	(213,527)	(278,085)	(260,018)
Total Net Expense	(3,722,515)	(3,325,237)	(3,169,816)	(2,864,648)	(3,012,093)	(3,078,051)	(3,025,195)	(3,077,543)	(2,966,114)	(3,031,440)

Changes in Net Position (continued)
LAST TEN FISCAL YEARS (Accrual Basis of Accounting)

Table 2-2

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GENERAL REVENUES										
Governmental Activities:										
Property Taxes	2,553,520	2,569,457	2,483,187	2,464,100	2,439,621	2,507,832	2,448,286	2,419,907	2,260,848	2,215,209
Other Taxes	1,310,059	1,241,490	1,221,920	1,132,137	1,044,745	-	-	-	-	-
Intergovernmental-unrestricted	-	-	-	-	-	1,005,518	947,877	874,771	836,041	885,632
Unrestricted investment earnings	39,630	10,647	3,803	926	1,908	2,856	4,271	20,801	26,875	38,213
Miscellaneous	50,020	160,270	91,663	40,585	48,860	120,946	28,104	6,692	20,783	20,257
Change in reserve for inventory	-	-	-	-	-	-	-	-	-	-
Transfers in/out	-	-	-	(904,112)	(339,699)	(339,699)	(339,699)	(339,699)	(424,029)	(421,500)
Total general revenues, transfers, and special item	3,953,229	3,981,864	3,800,573	2,733,636	3,195,435	3,297,453	3,088,839	2,982,472	2,720,518	2,737,811
Business-type Activity-										
Unrestricted investment earnings	1,105	191	-	228	634	1,049	2,310	5,916	3,715	11,457
Miscellaneous	-	-	-	5,610	-	(3,029)	(843)	(1,926)	-	-
Transfers in/out	-	110,217	-	904,112	339,699	339,699	339,699	339,699	424,029	421,500
Total Business-type activities	1,105	110,408	-	909,950	340,333	337,719	341,166	343,689	427,744	432,957
Total primary government	3,954,334	4,092,272	3,800,573	3,643,586	3,535,768	3,635,172	3,430,005	3,326,161	3,148,262	3,170,768
CHANGE IN NET POSITION										
Governmental Activities	277,392	524,334	697,160	14,259	394,124	438,648	246,838	118,456	32,489	(33,611)
Business-type Activity	(45,573)	132,484	(66,403)	764,679	129,551	118,473	157,972	130,162	149,659	172,939
Total Change in Net Position	231,819	656,818	630,757	778,938	523,675	557,121	404,810	248,618	182,148	139,328

* Change in Business Type Activity-Charges for Services-Water (table 2-1) is due to reclassification of sewer charges.

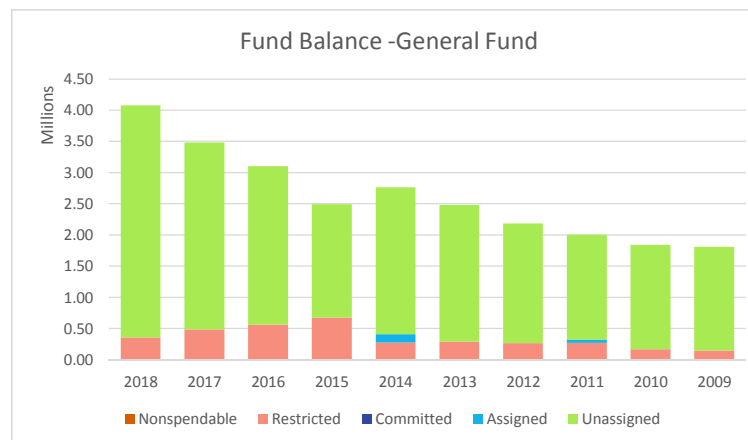


Fund Balances of Governmental Funds

LAST TEN FISCAL YEARS (Modified Accrual Basis of Accounting)

Table 3

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Nonspendable	2,229	2,229	2,229	2,229	2,229	2,229	2,229	2,229	1,774	1,555
Restricted	353,888	481,623	559,105	671,079	275,034	285,967	260,181	265,001	165,814	144,843
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	130,000	-	-	55,630	-	-
Unassigned	3,719,398	2,997,204	2,538,710	1,817,159	2,358,317	2,192,241	1,920,407	1,682,121	1,672,941	1,661,246
Total General Fund	4,075,515	3,481,056	3,100,044	2,490,467	2,765,580	2,480,437	2,182,817	2,004,981	1,840,529	1,807,644
All other governmental funds										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	14,788	411,288
Total all other governmental funds	-	-	-	-	-	-	-	-	14,788	411,288
Total governmental funds	4,075,515	3,481,056	3,100,044	2,490,467	2,765,580	2,480,437	2,182,817	2,004,981	1,855,317	2,218,932



Changes in Fund Balances of Governmental Funds
LAST TEN FISCAL YEARS (Modified Accrual Basis of Accounting)

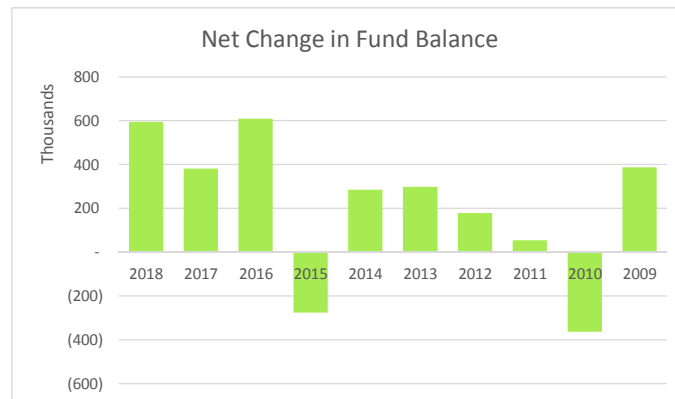
Table 4-1

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
REVENUES										
Ad Valorem taxes	2,553,520	2,569,457	2,483,187	2,464,100	2,439,621	2,507,832	2,458,566	2,430,119	2,254,946	2,216,901
Other taxes	-	-	-	-	-	-	-	-	-	-
Unrestricted intergovernmental	1,310,059	1,241,490	1,221,920	1,132,137	1,044,745	1,005,518	947,877	874,771	836,041	885,632
Retricted intergovernmental	64,753	64,654	65,154	65,485	64,771	64,339	71,461	65,416	169,389	72,070
Permits and fees	24,791	28,527	16,415	28,919	17,365	9,733	8,844	7,444	10,122	11,805
Investment earnings	39,630	10,647	3,803	926	1,908	2,856	4,271	20,801	26,875	38,213
Miscellaneous	43,381	160,556	84,163	43,518	44,582	102,619	31,237	7,832	19,428	14,422
Total Revenues	4,036,134	4,075,331	3,874,642	3,735,085	3,612,992	3,692,897	3,522,256	3,406,383	3,316,801	3,239,043
EXPENDITURES										
Current										
General government	554,086	559,057	904,923	849,119	923,161	1,108,848	1,124,405	1,175,640	1,112,599	1,117,921
Public safety	1,763,221	1,781,353	1,285,591	1,227,312	1,200,089	1,181,681	1,100,994	1,055,602	1,012,287	1,010,857
Transportation	189,658	183,591	259,316	175,244	185,207	127,358	119,623	133,198	90,368	102,541
Physical development	978,407	988,747	876,615	841,225	637,264	605,243	608,459	578,806	574,701	616,907
Debt Service										
Principal	61,241	60,566	30,000	31,130	34,417	37,793	48,177	58,538	56,668	19,656
Interest	8,969	10,788	9,859	11,013	12,290	13,622	15,252	17,254	19,125	2,259
Capital Outlay	-	-	-	-	-	-	-	-	412,709	58,383
Total Expenditures	3,555,582	3,584,102	3,366,304	3,135,043	2,992,428	3,074,545	3,016,910	3,019,038	3,278,457	2,928,524
Excess (Deficiency) of Revenues over Expenditures	480,552	491,229	508,338	600,042	620,564	618,352	505,346	387,345	38,344	310,519

Changes in Fund Balances of Governmental Funds (continued)
 LAST TEN FISCAL YEARS (Modified Accrual Basis of Accounting)

Table 4-2

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
OTHER FINANCING SOURCES (USES)										
Transfers in	-	-	-	-	-	13,400	7,000	-	-	-
Transfers out	-	(110,217)	-	(904,112)	(339,699)	(339,699)	(339,699)	(339,699)	(424,029)	(421,500)
Installment purchase agreement	103,000	-	93,739	-	-	-	-	-	20,715	492,767
Sales of general capital assets	10,907	-	7,500	28,957	4,278	5,567	5,189	7,229	1,355	5,835
Total Other Financing Sources (Uses)	113,907	(110,217)	101,239	(875,155)	(335,421)	(320,732)	(327,510)	(332,470)	(401,959)	77,102
Net change in fund balances before special item	594,459	381,012	609,577	(275,113)	285,143	297,620	177,836	54,875	(363,615)	387,621
Special item	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	594,459	381,012	609,577	(275,113)	285,143	297,620	177,836	54,875	(363,615)	387,621
Total Expenditures	3,555,582	3,584,102	3,366,304	3,135,043	2,992,428	3,074,545	3,016,910	3,019,038	3,278,457	2,928,524
Capital outlay primary government only	139,718	343,007	304,270	358,678	189,853	219,550	160,720	130,607	454,921	175,558
Non-Capital Expenditures	3,415,864	3,241,095	3,062,034	2,776,365	2,802,575	2,854,995	2,856,190	2,888,431	2,823,536	2,752,966
Debt service as a percentage of non-capital expenditures	2.06%	2.20%	1.30%	1.52%	1.67%	1.80%	2.22%	2.62%	2.68%	0.80%



Assessed Value of Taxable Property
LAST TEN FISCAL YEARS

Table 5

Fiscal Year Ended June 30	Real Property	Personal Property	Less: Exempt Property	Public Service	Total Taxable Assessed Value	Tax Rate
2018	765,014,400	6,192,682	(31,070,340)	4,850,169	744,986,911	0.330
2017	642,615,400	6,254,297	(30,948,792)	4,935,182	622,856,087	0.395
2016	636,811,300	6,874,564	(31,289,584)	5,181,077	617,577,357	0.385
2015	607,006,000	5,263,931	(3,748,640)	4,280,335	612,801,626	0.385
2014	601,817,648	5,198,743	(3,980,840)	4,332,834	607,368,385	0.385
2013	736,850,198	4,221,045	(8,813,430)	4,396,422	736,654,235	0.330
2012	743,670,298	3,782,567	(8,731,000)	4,485,768	743,207,633	0.320
2011	735,399,498	3,749,490	(7,833,900)	4,385,593	735,700,681	0.320
2010	731,300,598	3,932,373	(7,546,100)	4,336,683	732,023,554	0.300
2009	716,175,846	3,852,765	(7,122,360)	3,953,053	716,859,304	0.295

Notes:

(1) Assessed value is determined by the Buncombe County Tax Department at 100% estimated market value;

(2) Personal property excludes registered motor vehicles;

(3) Tax rates are per \$100 of assessed valuation;

(4) A revaluation of all property is required at least every eight (8) years by NC General Statute. The last revaluation by Buncombe County took place January 1, 2017 (fiscal year ending 2018);

(5) Tax exempt property includes elderly exclusion, use value deferred and classified historic exempt property.

Property Tax Rates - Direct All Overlapping Governments
LAST TEN FISCAL YEARS

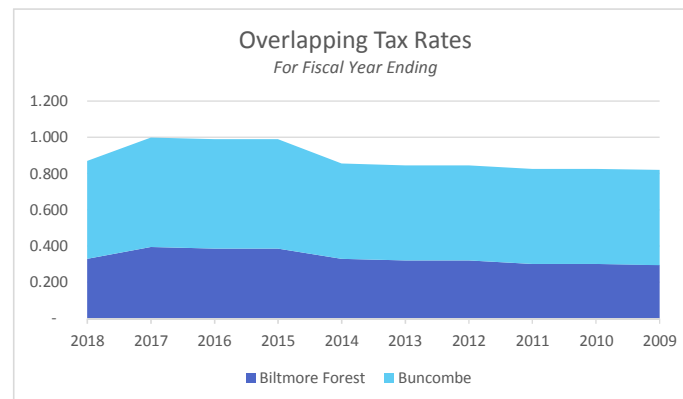
Table 6

Fiscal Year Ended June 30,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Municipal Rate										
Biltmore Forest	0.330	0.395	0.385	0.385	0.330	0.320	0.320	0.300	0.300	0.295
County Rate										
Buncombe	0.539	0.604	0.604	0.604	0.525	0.525	0.525	0.525	0.525	0.525
Overlapping Rate	0.869	0.999	0.989	0.989	0.855	0.845	0.845	0.825	0.825	0.820

Notes:

(1) Rate per \$100 of assessed valuation.

(2) A revaluation of all property is required at least every eight years by North Carolina General Statute. The last revaluation occurred on January 1, 2017 (fiscal year ending 2018).



Property Tax Levies Collections
LAST TEN FISCAL YEARS

Table 7

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the		Collections in Subsequent Years	Total Collections to Date	
		Amount Collected	Percentage of Levy		Amount Collected	Percentage of Levy
2018	2,549,133	2,541,197	99.69%	7,117	2,548,314	99.97%
2017	2,566,533	2,565,097	99.94%	1,401	2,566,498	100.00%
2016	2,480,241	2,477,637	99.90%	2,356	2,479,993	99.99%
2015	2,464,100	2,457,556	99.73%	6,526	2,464,082	100.00%
2014	2,453,390	2,450,504	99.88%	2,886	2,453,390	100.00%
2013	2,514,090	2,505,308	99.65%	8,620	2,513,928	99.99%
2012	2,453,727	2,444,053	99.61%	9,629	2,453,682	100.00%
2011	2,419,428	2,407,094	99.49%	12,334	2,419,428	100.00%
2010	2,256,453	2,239,075	99.23%	17,378	2,256,453	100.00%
2009	2,215,502	2,202,743	99.42%	12,759	2,215,502	100.00%

Ratio of Outstanding Debt by Type
LAST TEN FISCAL YEARS

Table 8

Fiscal Year	Governmental Activities				Business-type Activities				Total Outstanding Debt	Population*	Debt per Capita
	General Obligation Bonds	Installment Notes	Capital Leases	Total Governmental Activities	General Obligation Bonds	Installment Notes	Capital Leases	Total Business-type Activities			
2018	-	314,932	-	314,932	-	-	-	-	314,932	1,420	\$ 222
2017	-	273,173	-	273,173	-	-	-	-	273,173	1,400	\$ 195
2016	-	333,739	-	333,739	-	-	-	-	333,739	1,400	\$ 238
2015	-	270,000	-	270,000	-	-	-	-	270,000	1,400	\$ 193
2014	-	301,130	-	301,130	-	1,459,578	-	1,459,578	1,760,708	1,387	\$ 1,269
2013	-	335,547	-	335,547	-	1,841,707	-	1,841,707	2,177,254	1,387	\$ 1,570
2012	-	373,340	-	373,340	-	2,209,394	-	2,209,394	2,582,734	1,364	\$ 1,894
2011	-	421,517	-	421,517	-	2,563,185	-	2,563,185	2,984,702	1,367	\$ 2,183
2010	-	480,055	-	480,055	-	2,903,605	-	2,903,605	3,383,660	1,343	\$ 2,519
2009	-	516,008	-	516,008	-	3,231,159	-	3,231,159	3,747,167	1,556	\$ 2,408

Note (1): Population estimates taken from the North Carolina Office of State Budget & Management

Ratio of General Bonded Outstanding Debt
LAST TEN FISCAL YEARS

Table 9

Fiscal Year Ended June 30	General Obligation Bond Debt	Assessed Value	Percentage of Net General Obligation Bonded Debt to Assessed Taxable Value of Property	Population	Per Capita
2018	-	744,986,911	0.00%	1,420	0.00
2017	-	622,856,087	0.00%	1,400	0.00
2016	-	617,577,357	0.00%	1,400	0.00
2015	-	612,801,626	0.00%	1,400	0.00
2014	-	607,368,385	0.00%	1,387	0.00
2013	-	736,654,235	0.00%	1,387	0.00
2012	-	743,207,633	0.00%	1,364	0.00
2011	-	735,700,681	0.00%	1,367	0.00
2010	-	732,023,554	0.00%	1,343	0.00
2009	-	716,859,304	0.00%	1,556	0.00

Note (1): Population estimates taken from the North Carolina Office of State Budget & Management

Direct Overlapping Governmental Activities Debt

Table 10

<u>Government Unit:</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Primary Government</u>
Buncombe County overlapping debt	417,717,489	0.55%	2,297,446
Town of Biltmore Forest installment debt	314,932	100%	314,932
Total direct and overlapping debt	<u>418,032,421</u>		<u>2,612,378</u>

Legal Debt Margin
LAST TEN FISCAL YEARS

Table 11

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	61,797,153	51,980,418	51,537,472	51,145,709	50,979,538	61,010,589	61,343,186	60,485,704	60,172,080	59,080,064
Total net debt applicable to limit	314,932	273,173	333,739	270,000	1,760,708	2,177,254	2,582,734	2,984,702	3,383,660	3,747,167
Legal debt margin	61,482,221	51,707,245	51,203,733	50,875,709	49,218,830	58,833,335	58,760,452	57,501,002	56,788,420	55,332,897
Total net debt applicable to the limit as a percentage of debt limit	0.51%	0.53%	0.65%	0.53%	3.45%	3.57%	4.21%	4.93%	5.62%	6.34%

Legal Debt Margin Calculation for Fiscal Year Ending 2018

Assessed value of taxable property	772,464,411
Debt Limit-Eight Percent (8%) of assessed value	61,797,153
Gross Debt:	
Total Bonded Debt	-
Installment Purchase Agreements	314,932
Gross Debt	314,932
Total amount of debt applicable to debt limit (net debt)	314,932
Legal debt margin	61,482,221

Note: NC Statute GS 159-55 limits the Town's outstanding debt to 8% of the appraised value of property subject to taxation. The legal debt margin is the difference between the debt limit and the Town's net debt outstanding applicable to the limit, and represents the Town's legal borrowing authority.

Demographic Economic Statistics
LAST TEN FISCAL YEARS

Table 12

Fiscal Year	Population	Percentage of County Population	Median Household Income	Per Capita Income	Median Age	Unemployment Rate
2018	1,420	0.38%	143,750	100,715	53.7	N/A
2017	1,400	0.38%	141,458	89,622	52.9	N/A
2016	1,400	0.39%	146,667	86,845	53.1	N/A
2015	1,400	0.40%	N/A	N/A	N/A	N/A
2014	1,387	0.40%	N/A	N/A	N/A	N/A
2013	1,387	0.40%	N/A	N/A	N/A	N/A
2012	1,364	0.40%	N/A	N/A	N/A	N/A
2011	1,367	0.48%	N/A	N/A	N/A	N/A
2010	1,343	0.48%	130,000	82,114	52.9	N/A
2009	1,556	0.48%	N/A	N/A	N/A	N/A
2000	1,440	0.70%	119,526	85,044	48.9	N/A

Note (1): Population estimates taken from the North Carolina Office of State Budget & Management

Note (2): Median Household Income, Per Capita Income and Median Age taken from the American Community Survey 2013-2017

Note (3): Unemployment rate is not available for municipality.

Full Time Employees by Function
LAST TEN FISCAL YEARS

Table 13

Function	Number of Full Time Positions by Function as of June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government	1	1	1	1	1	1	1	1	1	1
Public Safety	14	14	14	14	14	14	14	14	14	14
Transportation	1	1	1	1	1	1	1	1	1	1
Physical Development	10	10	10	6	6	6	7	7	8	8
Total	26	26	26	22	22	22	23	23	24	24

Fund	Number of Full Time Positions by Fund as of June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund	25	25	25	22	22	22	23	23	24	24
Enterprise Fund	1	1	1	2	2	2	2	2	2	2
Total	26	26	26	24	24	24	25	25	26	26

Note:

(1) Vacant Positions are not included in the above numbers.

(2) Full time personnel work 2,080 hours per year (less vacation and sick leave).

(3) Fire services are provided by contract and therefore positions related to the fire contract are not included in the number of positions noted above.

Operating Indicators by Function/Program
LAST TEN FISCAL YEARS

Table 14

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Building Permits Issued	37	36	46	38	38	50	41	36	42	43
Public Safety*										
Police calls for service	N/A	8,233	3,510	2,862	2,804	3,227	3,519	2,827	2,750	2,553
Number of arrests	N/A	53	37	25	131	217	194	85	90	67
Transportation										
Streets Maintained (miles)	21.97	21.97	21.97	21.97	21.97	21.97	21.97	21.97	21.97	21.97
Physical Development *										
Solid Waste (tons)	N/A	405.72	410.31	490.31	476.11	464.17	464.09	480.48	467.59	408.17
Recycling (tons)	N/A	280.82	217.53	229.34	217.04	208.00	196.63	209.81	279.50	256.34
Enterprise Fund-Water*										
Number of accounts	N/A	789	785	781	774	777	776	770	N/A	N/A
Average daily consumption (gallons)	N/A	165,623	185,588	171,023	153,783	135,255	152,561	171,187	N/A	N/A

*Data not available on FY schedule. Data provided is for calendar year.

Capital Asset Statistics by Function
LAST TEN FISCAL YEARS

Table 15

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Number of parks	2	2	2	2	2	2	2	2	2	2
Public Safety										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Transportation										
Miles of streets	21.97	21.97	21.97	21.97	21.97	21.97	21.97	21.97	21.97	21.97
Physical Development										
Number of public works buildings	2	2	2	2	2	2	2	2	2	2
Number of street lights	63	63	63	63	63	63	63	63	63	63
Enterprise Fund-Water										
# Household Accounts	654	692	655	655	650	640	636	646	626	629
# Irrigation Accounts	135	113	129	129	127	119	121	120	121	121



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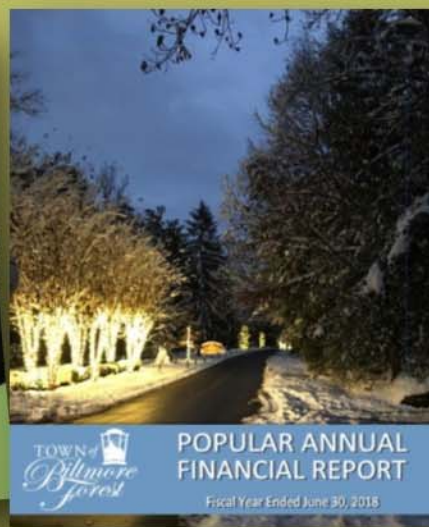
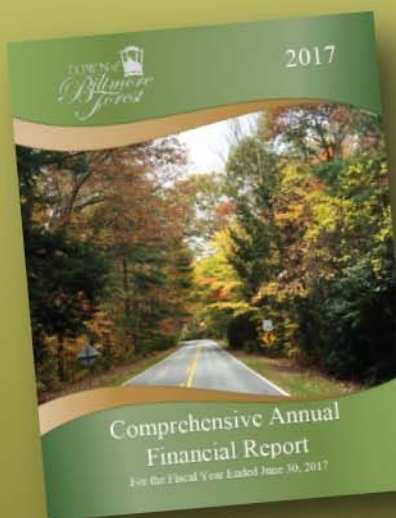


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