



POPULAR ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018



MANAGER’S MESSAGE

Dear Biltmore Forest Resident,

In an effort to keep you informed on how your tax dollars are being spent, we are pleased to present the 2018 Popular Annual Financial Report (PAFR). The PAFR is a summary of the financial activities of the Town’s governmental funds, business-type funds, and general fund.

The financial information in this report is derived from the Comprehensive Annual Financial Report (CAFR). The CAFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and the financial statements therein have received an unmodified opinion from the independent auditors at Carter PC. This publication is not to be used as a substitution for the CAFR which contains more detailed information including audited financial statements, notes, and schedules.

Unlike the CAFR, this report is not an audited document and does not include the other disclosures required by GAAP. This report is not intended to present a complete financial picture of the Town in accordance with GAAP.

Both the PAFR and CAFR reports are available on the Town’s website at www.biltmoreforest.org/finance.

We hope you find this report to be informative and understandable. If you have any questions concerning either report or would like additional information, please contact us via email townhall@biltmoreforest.org or call (828) 274-0824. We value your input and look forward to addressing any questions or comments you may have.

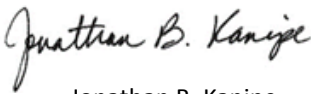
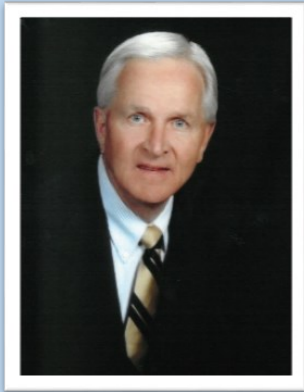
Sincerely,

 Jonathan B. Kanipe

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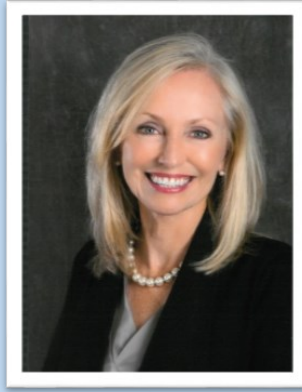
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GOVERNANCE

The Town operates under a Council-Manager form of government. The Council, referred to as the Board of Commissioners, is the legislative body of government. The Board is comprised of four elected officials including the Mayor, each serving four-year terms. The Board of Commissioners determines Town policy by enacting ordinances and resolutions. A professional Town Manager is appointed by the Board, and serves at the pleasure of the Board. The Manager administers the daily operations of the Town through appointed department heads and executive staff members.



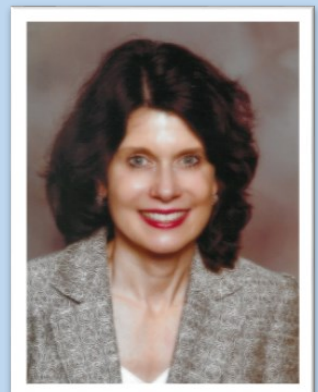
George F. Goosmann, III
Mayor



Fran G. Cogburn
Mayor Pro-Tem



E. Glenn Kelly
Commissioner



Doris P. Loomis
Commissioner

FINANCIAL REPORTING AWARDS

The Town of Biltmore Forest received the following awards from the Government Finance Officers Association in 2017:

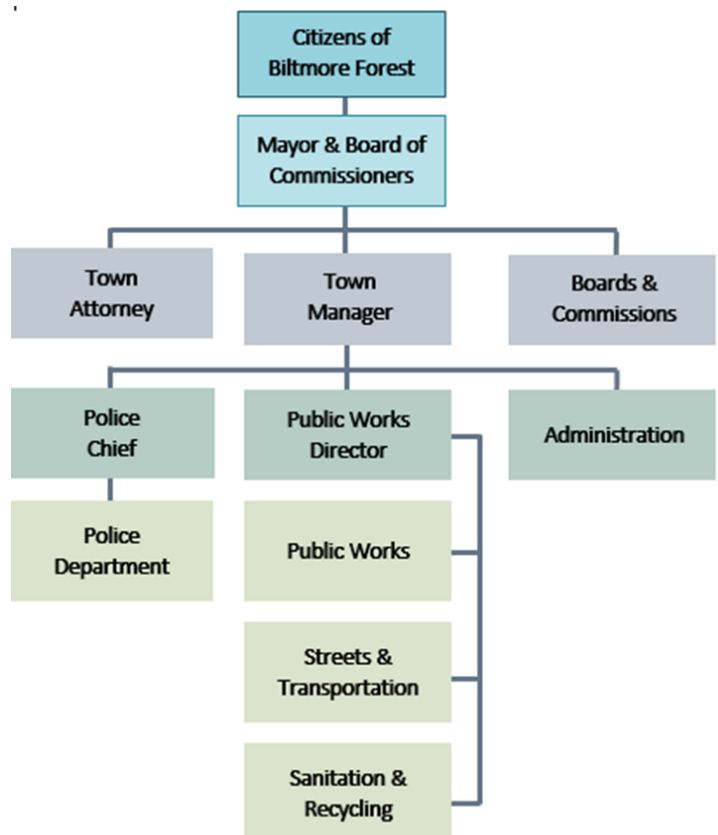


Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR) - 3rd consecutive year.

Award for Outstanding Achievement in Popular Annual Financial Reporting—1st year.



ORGANIZATIONAL CHART

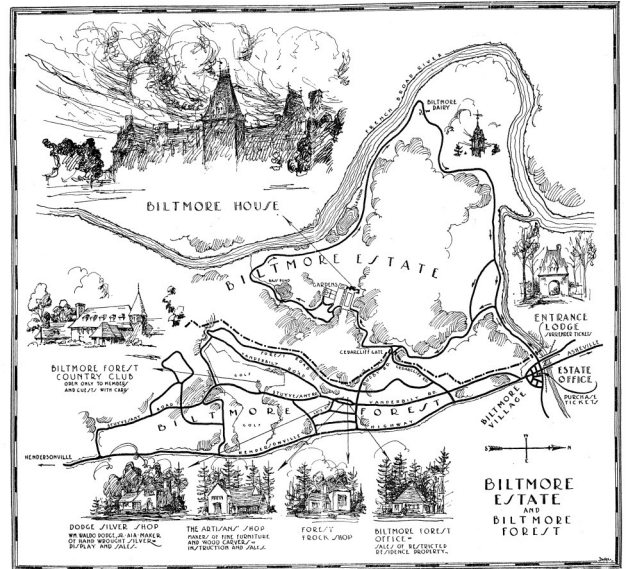


COMMUNITY PROFILE

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. 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. The Town is easily accessible from Interstate 40, Interstate 26 and US 25 and is only 9 miles from Asheville Regional Airport.

The attention to detail and environment that were so prominent during the development of the Town have been preserved by virtue of residential zoning designations and conscientious zoning restrictions. Conservation of the naturalistic landscaping, designed with the same influences as the Biltmore Estate, has been possible through adoption of a tree protection ordinance and community forestry programs.

The Town provides a full range of services including police and fire protection, sanitation and recycling services, road maintenance, water services, parks, zoning administration as well as support for all Town functions.



QUICK FACTS

CITY INFO

Incorporated	1923
Total Land Area	2.9 square miles
Municipal Employees	26 full time

DEMOGRAPHICS

Population ¹	1,421
Median Age ²	53.7
Gender ²	46.7% Male 53.3% Female
Median Household Income ²	\$ 143,750
Median Home Price ²	\$ 848,700

EDUCATION²

High school graduate	99.4 %
Bachelor's Degree of Higher	83.5 %

CLIMATE³

Average Temperature

January	High 47° F Low 28° F
July	High 85° F Low 65° F

Average Precipitation

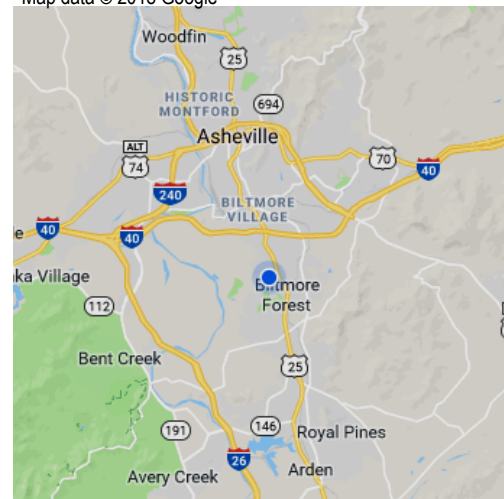
Rainfall	36.95 inches
Snowfall	13 inches

MAJOR EMPLOYERS

Because the Town is zoned entirely residential, business type activities may only operate by conditional use. The most notable employers, operating in this capacity, are Carolina Day School, Biltmore Forest Country Club, Mountain Area Health Education Center and the Town of Biltmore Forest . Employment data is unavailable for these employers.



Map data © 2018 Google



1-Population Estimates provided by NC Office of State Budget & Management

2-Demographic information from American Community Survey 2013-2017

3-Climate information taken from US Climate Data 1981-2010 normals

HIGHLIGHTS

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

STORMWATER MASTER PLAN The Town has worked with WithersRavenel, a civil and environmental engineering firm, to create a Stormwater Master Plan. Phase 1, the identification of areas of concern and acquiring the data needed for those areas, was completed this year. Existing conditions were assessed based on condition ranging from excellent to needs repair and ten potential projects were identified. The Town will move forward by reviewing and prioritizing the recommended projects to maintain a sound infrastructure.

BROOKLAWN PARK POND IMPROVEMENTS The Town contracted with Dragon Fly Pond Works to remove silt infiltration accumulations. The pond had not been dredged/cleaned in the preceding 18 years. The contractor used a geotube removal process to capture materials which eliminated the need for draining of the pond.

GREENWOOD PARK MASTER PLAN The Town has also been working with WithersRavel to create a master plan for Greenwood Park. The proposed project would include stream stabilization, adding a pavilion with table, upgrading existing play equipment, additional seating, and improved accessibility. The plan will be presented to the Board for formal adoption in fiscal year ending 2019. Once the project is adopted, the Town will apply for grant funding from the NC Parks and Recreation Trust Fund (NC PARTF).

PUBLIC WORKS BUILDING CONSTRUCTION The Town engaged ClarkNexsen, an architecture and design firm, to provide architectural and construction design for renovation of the Public Works Building. The architect worked to maintain the original aesthetic of the building, which was originally built in 1929. Construction is expected to begin in October 2018 and preliminary estimates from Beverly-Grant, Construction Manager-at-Risk, have a completion date of July 2019.

FINAL MASTER PLAN CONCEPT



Other Town activities over the year include implementation of the CodeRED Notification System for targeted emergency and non-emergency notifications, completion of the installation of automated water meter transmitters to reduce errors and manpower involved in manual readings, and a traffic calming study for designated areas to evaluate current traffic conditions.

Additional information regarding these projects and more may be found on the Town website (www.biltmoreforest.org). New information will be posted as it becomes available.

GOVERNMENTAL ACTIVITIES

Governmental activities are general government activities that are financed primarily by taxes and intergovernmental revenues (i.e. sales tax, and utility franchise tax). These revenues finance services provided by the Town including Public Safety (Police & Fire), Sanitation & Recycling, Physical Development, and other government functions. Governmental activities also account for capital assets and long-term liabilities associated with these activities.

Net Position (In millions)	Governmental Activities		
	2016	2017	2018
Assets	5.45	5.99	6.59
Deferred Outflows of Resources	0.09	0.44	0.96
Liabilities	1.04	1.18	3.88
Deferred Inflows of Resources	0.02	0.02	1.04
Net Position			
Net Investment in Capital Assets	1.97	2.16	2.02
Restricted	0.56	0.48	0.35
Unrestricted	<u>1.95</u>	<u>2.59</u>	<u>0.26</u>
Total Net Position	4.47	5.23	2.64

The decrease in net position of governmental activities from 2017 to 2018 is the result of implementing GASB Statement 75 which accounts for liability associated with post-employment benefits other than pensions. The Town reported a liability associated with Retiree Health Insurance that increased the Town's debt by 246.6%. Detailed information regarding this liability may be found in the Notes to the Financial Statement in the CAFR.

BUSINESS-TYPE ACTIVITIES

Business-type activities are activities financed by fees charged for goods or services rather than sales or property taxes. The Town has one business-type activity which is accounted for in the Water Fund, not illustrated in this document. Please refer to CAFR FYE18 for information specific to the Water Fund.

Net Position (In millions)	Business-type Activities		
	2016	2017	2018
Assets	2.74	2.86	2.76
Deferred Outflows of Resources	0.01	0.02	0.03
Liabilities	0.08	0.09	0.10
Deferred Inflows of Resources	0.00	0.00	0.03
Net Position			
Net Investment in Capital Assets	2.72	2.75	2.58
Restricted			
Unrestricted	-0.06	0.04	0.07
Total Net Position	2.66	2.79	2.65

NET POSITION shows the difference between total assets and total liabilities. Changes in net position are a useful indicator of the Town's financial position.

A **POSITIVE** net position means that the Town's assets exceed liabilities. A **NEGATIVE** net position means that the Town's liabilities exceed assets.

DEFERRED INFLOWS OF RESOURCES Acquisition of net assets related to a future reporting period.

DEFERRED OUTFLOWS OF RESOURCES Consumption of net assets related to a future reporting period.

The decrease in net position of business-type activities from 2017 to 2018 reflects a decrease in revenue due to decrease in usage.

BUDGETING

The Town adopts an annual budget ordinance in accordance with the Local Government Budget & Fiscal Control Act. A balance budget must be adopted by ordinance prior to the beginning of the fiscal year, which begins on July 1 and ends on June 30 of the following calendar year.

A **BALANCED BUDGET** is achieved when estimated net revenues and appropriated fund balance equal appropriations.

Budgets are available on the Town website at www.biltmoreforest.org/finance.



GENERAL FUND

The General Fund is the primary operating fund of the Town. All revenues, and expenditures available for general use are accounted for in the General Fund. Most of the governmental services and functions are provided through the General Fund.

REVENUES | \$ 4,036,134

Property taxes represent the largest source of revenue for the Town. Revenue received from other governments, or intergovernmental funds, represent the second largest source of revenue for the Town. Intergovernmental funds may be restricted for specific purposes or unrestricted. The remainder of Town revenues are comprised of permits & fees, investment earnings and other miscellaneous revenues.

REVENUES	2016	2017	2018
Ad Valorem taxes Unrestricted	2,483,187	2,569,457	2,553,520
intergovernmental Retricted	1,221,920	1,241,490	1,310,059
intergovernmental	65,154	64,654	64,753
Permits and fees	16,415	28,527	24,791
Investment earnings	3,803	10,647	39,630
Miscellaneous	84,163	160,556	43,381
Total Revenues	3,874,642	4,075,331	4,036,134

EXPENDITURES | \$ 3,555,582

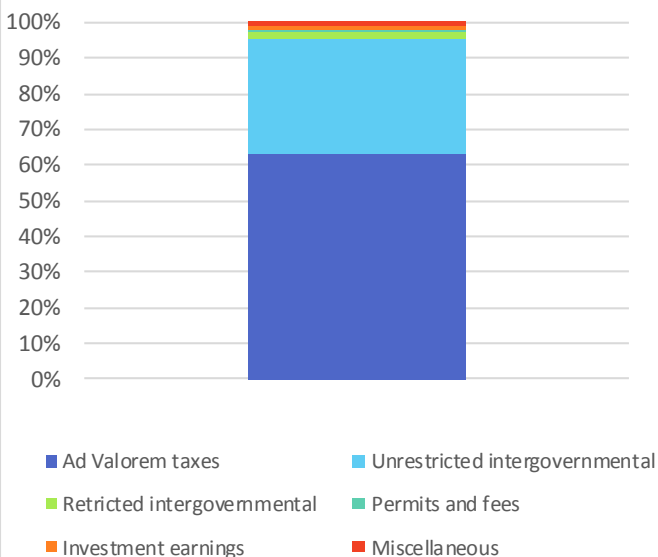
Public Safety, which includes fire services contract and police services, is the largest category of expenditures. Physical Development, which includes sanitation & recycling and grounds maintenance, is the second largest category of expenditures. The remainder of expenditures are comprised of Transportation, General Government, and Debt Service.

EXPENDITURES	2016	2017	2018
General government	904,923	559,057	554,086
Public safety	1,285,591	1,781,353	1,763,221
Transportation	259,316	183,591	189,658
Physical development	876,615	988,747	978,407
Debt Service	39,859	71,354	70,210
Total Expenditures	3,366,304	3,584,102	3,555,582

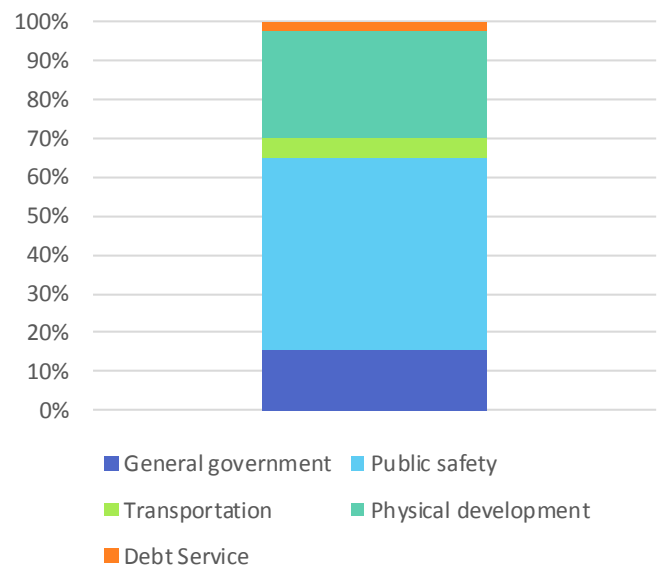
Increases to REVENUES from are largely attributable to increases in Unrestricted Intergovernmental revenues which include sales taxes, utility franchise taxes, and beer & wine taxes. Investment earnings have improved significantly as a result of both additional investment funds and market conditions. Miscellaneous revenues are unusual and irregular sources of income that don't fit other categories; a unique and significant event in 2017 increased the miscellaneous revenues by \$100,000.

Decreases in EXPENDITURES are largely attributable to more prudent planning for purchasing across Functions as the Town works towards creating a Capital Improvement Plan. A change in classification of the Fire Contract impacts General Government and Public Safety Functions inversely for 2016 & 2017.

Revenues by Source



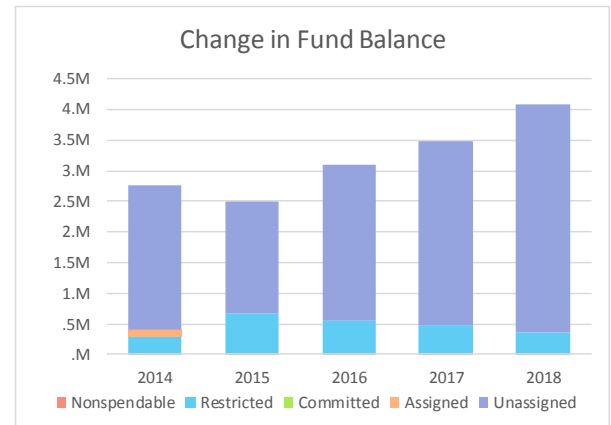
Expenditures by Function



FUND BALANCE

Fund balance represents funds unspent after all budgeted expenditures have been made. Fund balance represents fiscal sustainability and can be used for emergencies, cash flow throughout the year or to fund capital projects. The Town has determined to maintain an available fund balance of 20% of general fund expenditures

General Fund (in millions)	2016	2017	2018
Revenues	3.87	4.08	4.04
Expenditures	3.37	3.58	3.56
Excess of Revenues over Expenditures	0.51	0.49	0.48
Other Financing Sources (Uses)	0.10	(0.11)	0.11
Net Change in Fund Balance	0.61	0.38	0.59
Beginning Fund Balance	2.49	3.10	3.48
Ending Fund Balance	3.10	3.48	4.08



The reduction in fund balance between 2014 & 2015 was a result of using fund balance to pay off an installment agreement early.

LONG TERM DEBT

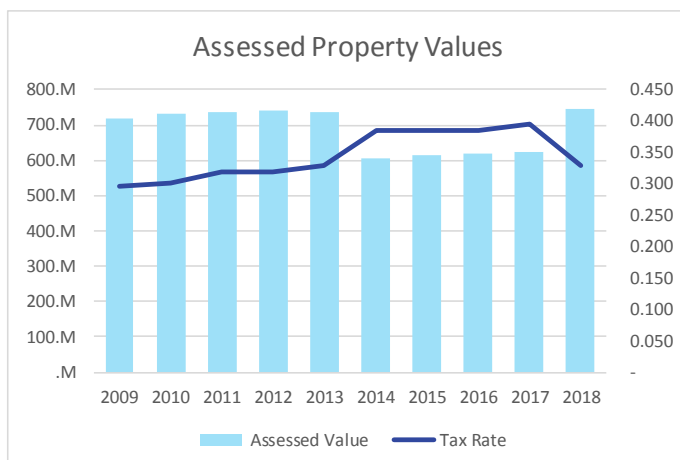
State statute limits the amount of net debt a municipality may have outstanding to eight (8) percent of the appraised value of property subject to taxation. Based on the tax scroll provided by the Buncombe County Tax Department, the Town's assessed value of taxable property for year ended June 30, 2018 was \$744,986,911. Using the state calculation, the Town's legal debt capacity is \$59,284,020. All of the Town's existing debt is in the form of installment agreements in the amount of \$314,932.

PROPERTY TAXES

Real and personal property is assessed by the Buncombe County Tax Department at 100% of estimated market value as of January 1st. A revaluation of property is required at least every eight (8) years by state statute. The last revaluation was completed in 2017; the assessed property was valued at \$744.9 million.

The Town's tax rate is established in the budget ordinance and is per \$100 of assessed value. Taxes are then billed upon receipt of the scroll from the county, usually in August, and are considered delinquent if not paid in full by January 5th. Taxpayers are billed by both the Town and Buncombe County.

For fiscal year ending 2018, the Town tax rate was \$0.33 and the County was \$0.539 for a combined tax rate of \$0.869.



TOP TEN TAXPAYERS

Biltmore Forest Country Club	1.57%
Biltmore Company	0.86%
Residence	0.79%
Residence	0.75%
Residence	0.66%
Residence	0.59%
Residence	0.59%
Residence	0.57%
Residence	0.54%
Groom Family Enterprises LLC	0.52%

GENERAL GOVERNMENT

The General Government function provides administrative activities for the Town government. The Administration function is responsible for executing the mission of the Board to promote, enhance, and sustain the quality of life for residents, including day-to-day supervision of Town operations, financial management, human resources, billing and collections, and public records management.

- Prepared agendas and related materials for 13 open session Board of Commissioners meetings;
- Tax collection rate of 99.69% (statewide average was 98.78%);
- Issued 37 Zoning Permits with a value of construction of \$13.9 million;
- Accounts Payable issued 951 checks and 63 ACH payments in the amount of \$2.1 million;
- Staff attended 120 hours of training/education related to management, governmental finance, and municipal clerk duties.



PUBLIC SAFETY

The Public Safety function is composed of the Police Department and contracted Fire Services. Both police and fire personnel respond to emergency and non-emergency calls for service and are actively involved in community events.

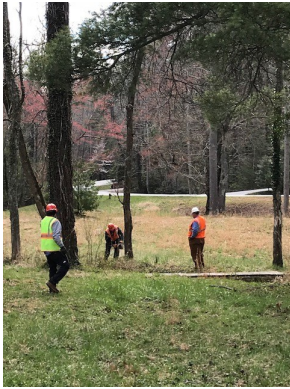
- Police staff attended 1,050 hours of training to include mandatory in-service training, and other specialized training;
- Police department became member of the Missing Kids Readiness Project (MKRP) developed by the National Center for Missing and Exploited Children (NCMEC) and the first law enforcement agency in North Carolina to train all staff in MKRP;
- Two officers obtained Intermediate Law Enforcement Certifications and two officers obtained Advanced Law Enforcement Certificates;
- Performed security and traffic control for special events at Halloween, 4th of July, and other community events;
- Worked with the NC State Bureau of Investigation to implement a collection system for unused/expired medication via secure kiosk in the department lobby.
- Fire department obtained Insurance Service Office (ISO) fire protection rating of 3.



PHYSICAL DEVELOPMENT

The Physical Development function includes Public Works and Sanitation & Recycling. Activities in this function include grounds and park maintenance, general building maintenance, fleet maintenance, weekly garbage collection, and bi-weekly recycling collection.

- 507 hours in maintenance of Town ponds and parks;
- Repaired footbridge at Brookside Park;
- Installed dog waste containers at Vanderbilt Park and Greenwood Park;
- Collected 405.72 tons of solid waste;
- Collected 251.03 tons of recyclable materials.



TRANSPORTATION

The Transportation function is responsible for the maintenance and repair of public streets, clearing of roads and right-of-ways, storm drainage, and street signs.

- Contracted with engineers to create stormwater master plan;
- Cleared the roadways of 66 fallen/hazardous trees;
- Spent 5,798 hours clearing and maintaining roads and road right-of-ways;
- Made 34 repairs to streetlights;
- Contracted annual striping of roads;
- Cleared blockages in existing storm drains.



According to MarketWatch.com, Biltmore Forest is set to become the first city in North Carolina where the median home value surpasses seven figures.

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)



DIRECTORY

TOWN OF BILTMORE FOREST

355 Vanderbilt Rd | Asheville, NC 28803

PO Box 5352 | Asheville, NC 28813

www.biltmoreforest.org

ADMINISTRATION

(Manager, Finance, Tax, Zoning)

(828) 274-0824

POLICE DEPARTMENT

Non-emergency

(828) 274-0822

PUBLIC WORKS DEPARTMENT

(Sanitation & Recycling, Transportation, &
Physical Development)

(828) 274-3919

SKYLAND FIRE DEPARTMENT

Valley Springs Rd | Asheville, NC 28803

PO Box 640 | Skyland, NC 28776

www.skylandfire.com

Non-emergency

(828) 684-6421

AWARD FOR OUTSTANDING ACHIEVEMENT IN POPULAR ANNUAL FINANCIAL REPORTING

Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Town of Biltmore Forest for its Popular Annual Financial Report for the fiscal year ended June 30, 2017. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Reports, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

