

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018



TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018

Prepared by the Town of Pilot Mountain's Financial Staff

Michael Boaz, Town Manager/Finance Officer

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

INTRODUCTORY SECTION

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

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Pilot Mountain, NC 27041**



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Members of the Board of Commissioners
And Citizens of Pilot Mountain,

It is our privilege to present to you the Town of Pilot Mountain's (the Town's) Comprehensive Annual Financial Report (CAFR). This CAFR represents the official report of the Town's operations and financial position for the fiscal year ended June 30, 2018 and details the status of Town finances to residents, elected officials, investment bankers, underwriters, rating agencies, and all other interested parties.

The Local Government Commission of the North Carolina State Treasurer's Office requires all general-purpose local governments to file with their office by November 30 of each year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted accounting standards by a firm of licensed certified public accountants. The CAFR allows us to comply with that regulation.

This report consists of management's representations concerning the finances of the Town of Pilot Mountain. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient information for the preparation of the Town's financial statements in accordance with GAAP. The Town's internal control framework has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The financial statements contained herein have been audited by Bernard Robinson & Company, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ended June 30, 2018 are free of material misstatements. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used; and evaluating the overall financial statement presentation. The independent audit for the fiscal year ended June 30, 2018 concluded that there was reasonable basis for rendering an unmodified opinion of the Town's financial statements and that they are fairly presented in conformity with GAAP.

The independent auditor's report is presented as the first component of the financial section of this report. GAAP requires that the management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the Management's

Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Town Profile

Pilot Mountain is located in the foothills of North Carolina and in the southern section of Surry County, approximately 25 miles north of Winston-Salem and 15 miles south of Mt. Airy. The Town is situated at the base of its namesake, Pilot Mountain. The area was settled long ago by Native Americans who used Pilot Mountain as a navigational guide. Non-native settlers came to the area well over two hundred years ago and the Town was first incorporated by the General Assembly in 1889.

Pilot Mountain prides itself in providing its current population of 1,502 citizens with convenient and reliable town services while maintaining its small town, friendly atmosphere. The full range of services include police, garbage & recycling collection, street maintenance, water production & distribution, sewer collection and treatment, zoning, and yard waste collections.

Demographic Characteristics

The US Department of Commerce, Bureau of the Census, has recorded the Town's population as follows:

| 1980 | 1990 | 2000 | 2010 | 2018 estimate |
|-------|-------|-------|-------|---------------|
| 1,090 | 1,151 | 1,281 | 1,477 | 1,502 |

The North Carolina Office of Management and Budget has estimated the population of the Town to be 1,502 as of July 2018.

The Town has suffered from a lack of growth over the last 8 years, mainly as a result of the Great Recession. The Town has started to recover with the first new single-family residences in several years currently under construction, 14 town homes completed within the last year, and several developers expressing interest in potential apartment complex developments. The commercial sector has also slowly recovered with several new stores opening in our downtown and several others in some phase of development. The Town Board and the residents of the Town have placed a particular emphasis on downtown re-development over the past year and the staff believes that this trend will continue.

Governmental Structure

The Town of Pilot Mountain operates under the Council/Manager form of government. Policymaking and legislative authority are vested in the governing Board of Commissioners. The Board is made up of a mayor and four Board members that serve staggered four-year terms. The Town Board is responsible, among other things, for passing ordinances, adopting the budget, appointment committees, and hiring the Town Manager and Town Attorney. The Town Manager operates as the chief executive officer and is responsible for carrying out the policies and ordinances of the Town Board and for overseeing the day-to-day operations of the government.

Services Provided by the Town of Pilot Mountain

Administration:

| | |
|-------------------------------|--------------------------|
| Town Management | Town Clerk |
| Planning & Zoning | Code Enforcement |
| Utility Billing & Collections | Personnel Administration |
| Budget & Finance | |

Police:

| | |
|-------------------------|--------------------|
| Administration | Patrol |
| Criminal Investigations | Auxiliary Force |
| Community Policing | Community Programs |
| Crime Prevention | |

Public Works:

| | |
|--------------------------------|-------------------------------|
| Garbage & Recycling Collection | White Goods Collections |
| Leaf & Limb Collection | Street & Sidewalk Maintenance |
| Right of Way Mowing | Street Lighting |
| Storm Drainage | Snow/Ice Removal |
| Water & Sewer Line Maintenance | Water Meter Reading |
| Water & Sewer Taps | Water Treatment |
| Sewer Treatment | |

Budget Process

The annual budget serves as the foundation for the Town's financial planning and fiscal control. All departments are required to submit requests to the Town Manager, who serves as the Budget Officer per State law, on or before the last day of April each year. The Manager then uses these requests as the starting point for developing a proposed budget to be submitted to the Town Board by June 1. The Board is required to hold at least one public hearing on the proposed budget and must adopt a final budget no later than June 30. The Budget Ordinance, as adopted by the Town Board, creates a legal limit on spending authorizations. For the Town of Pilot Mountain, the FY 2017-2018 budget was adopted to include the General Fund and Water/Sewer Fund. Multi-year project ordinances are adopted for all Capital Project funds. For internal accounting purposes, budgetary control is maintained by line item.

Factors Affecting Pilot Mountain's Financial Condition

Pilot Mountain's economy is still recovering from massive manufacturing job losses over the past 10-15 years that was primarily attributed to the textile industry. The unemployment rate for all of Surry County in August of 2018 was 4.3%, which was roughly the same as August 2017. However, the poverty rate in Pilot Mountain is well over 20% and so there is a significant portion of the population that is either unemployed and not looking for work or is under employed. The average wages in the County have increased over the last several years and the unemployment rate has remained at near historic lows. These are all signs that the County's economy is improving.

The economic improvement is a slow process however, but the Town is making efforts to ensure that this growth happens in a diversified way that makes the economy stronger and less susceptible to downturns in any one economic sector in the future. The Town has made efforts to encourage the redevelopment of downtown, including specialized incentive programs for owners that remodel their downtown properties. The Town has incentive policies in place for both retail and industrial growth and hopes that these policies will balance the growth in both sectors.

In addition to these efforts, the Town is a center for tourism growth in Surry County. In 2017, over 750,000 people visited Pilot Mountain State Park. In addition to the Park, there are many visitors to the wineries in our area and to other outdoor recreation venues. Tourism is a strong part of the Surry County and Pilot Mountain economy and the Town is working to take advantage of this surge in tourism spending.

The Town believes that all of these factors combine for a positive outlook on the Town's financial condition in the future. As residential construction continues to grow and as more and more visitors flock to our area to engage in outdoor recreation and take advantage of the many wineries in our area the retail sector will continue to grow and this will lead to further growth in other sectors of the economy.

Awards and Acknowledgements

The Town believes that our current CAFR meets the standards for the Government Finance Officers' Association Certificate of Achievement for Excellence in Financial Reporting award and we will be submitting it to the GFOA for consideration. This will be the first year that the Town has submitted for this award.

Conclusion

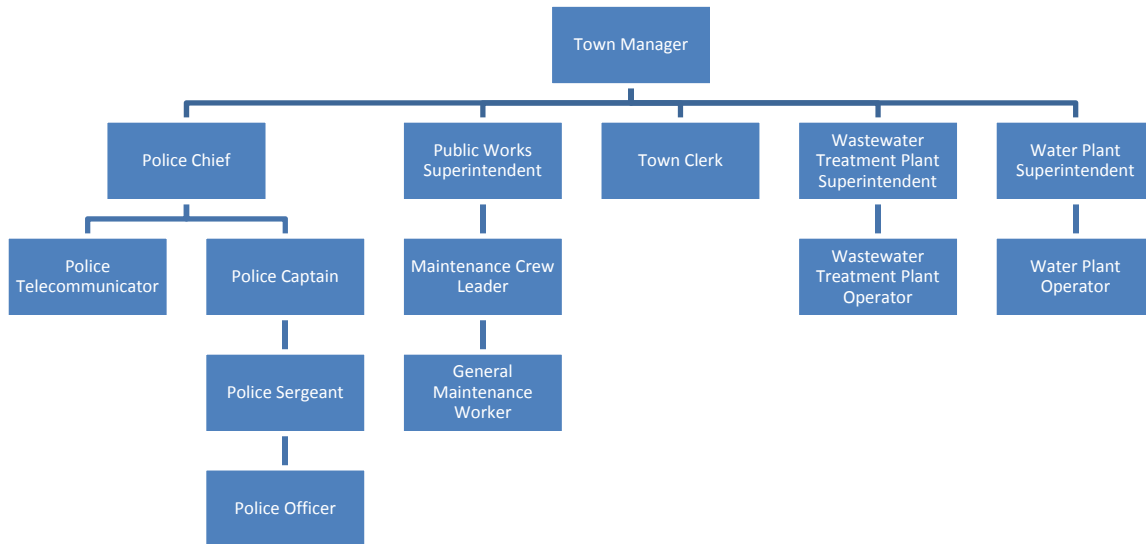
The economy in the Winston-Salem area continues to grow on pace with North Carolina. This should continue to benefit the Town and lead to continued growth in all sectors of the economy. While we expect continued growth, the Town realizes that it must prepare for the potential impacts in our departmental service demands and balance what could be significant impacts on the Town's finances. We must continue to work to keep our expenses as low as possible and find ways to leverage our available resources to continue to invest in our community.

I would like to express my great appreciation to Town Clerk Holly Utt for all her work in compiling much of the information within this report and her work in monitoring the Town's budget and general finances. The Board of Commissioners also deserves tremendous accolades for its work in overseeing the Town's finances and ensuring that all Town operations, policies, and procedures are completed with the ultimate levels of transparency and financial accountability.

Respectfully submitted,

James Michael Boaz
Town Manager/Finance Officer

Organization Chart Town of Pilot Mountain



**Town of Pilot Mountain, North Carolina
List of Principal Officials
June 30, 2018**

Board of Commissioners:

Dwight Atkins – Mayor

Gary Bell – Mayor Pro Tem

Kimberly Quinn – Commissioner

Linda Needham – Commissioner

Evan Cockerham – Commissioner

Administrative and Financial Staff:

Michael Boaz, Town Manager/Finance Officer

Holly Utt, Town Clerk

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

FINANCIAL SECTION



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Pilot Mountain, North Carolina (the "Town"), 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Town of Pilot Mountain ABC Board, which represents 87, 85 and 97 percent of the assets, net position and revenues, respectively, of the discretely presented component units. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Pilot Mountain ABC Board, is based solely on the report of another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements for the Town of Pilot Mountain ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the basic 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 Town'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 basic financial statements.

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

Opinions

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and aggregate remaining fund information of the Town of Pilot Mountain, North Carolina as of June 30, 2018, and the respective changes in financial position and cash flows, where appropriate, 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 12, the Local Government Employees' Retirement System – Proportionate Share of Net Pension Liability (Asset) (*including Contributions*) on page 59, the Law Enforcement Officers' Special Separation Allowance – Schedule of Changes in Total Pension Liability on page 60, and the Law Enforcement Officers' Special Separation Allowance - Schedule of Total Pension Liability as a Percentage of Covered Payroll on page 61, 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 an opinion on the financial statements that collectively comprise the basic financial statements of Town of Pilot Mountain, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and 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, based on our audit and the procedures performed as described above, the combining and individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
November 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

As management of the Town of Pilot Mountain, we offer readers of the Town of Pilot Mountain's financial statements this narrative overview and analysis of the financial activities of the Town of Pilot Mountain 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

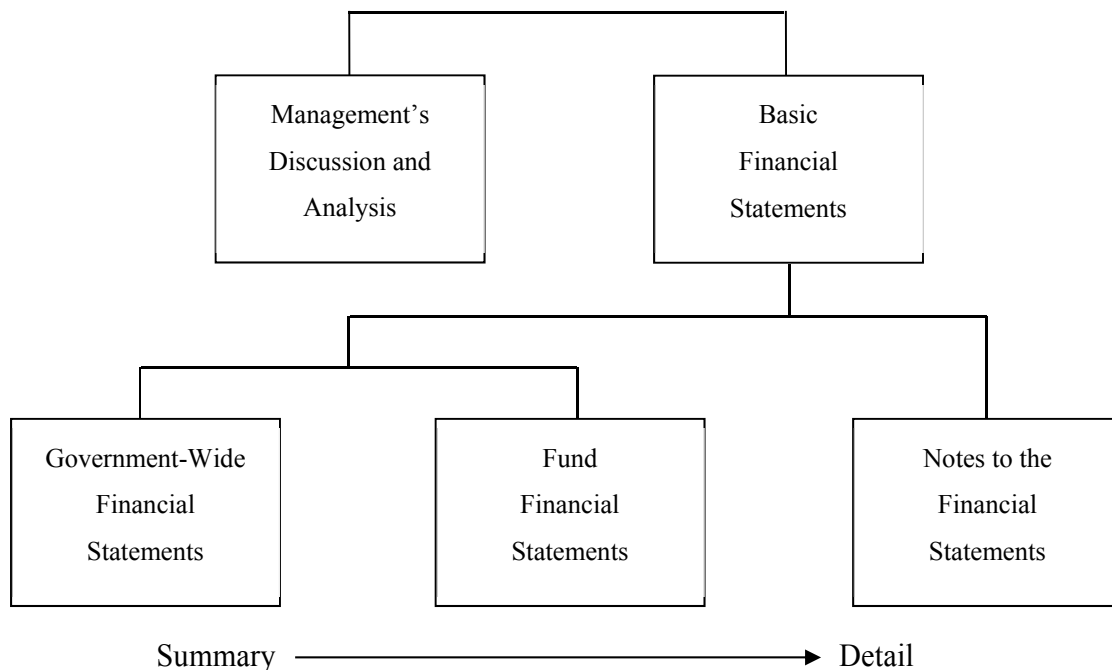
- The assets and deferred outflows of resources of the Town of Pilot Mountain exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,060,263 (*net position*).
- The government's total net position decreased by \$241,447.
- As of the close of the current fiscal year, the Town of Pilot Mountain's governmental funds reported combined ending fund balances of \$846,920 with a net change of (\$58,284) in fund balance. Approximately 63.16 percent of this total amount, or \$534,922, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$312,193, or 19.05 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Pilot Mountain, North Carolina'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 Pilot Mountain, North Carolina.

Required Components of Annual Financial Report

Figure 1



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

Government-Wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, 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's charges customers to provide. These include the water and sewer services offered by the Town of Pilot Mountain. The final category is the component units. The Town has two component units, the Pilot Mountain ABC Board and The Pilot Mountain Tourism Development Authority. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the ABC Board by appointing its members and the Board is required to distribute its profits to the Town. The Tourism Development Authority is also legally separate from the Town. However, the Town exercises control over the Tourism Development Authority by appointing its members.

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

Fund Financial Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

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

The Town of Pilot Mountain, North Carolina 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 Commissioners 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 Fund – The Town of Pilot Mountain, North Carolina has a proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Fund – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Town of Pilot Mountain, North Carolina has two fiduciary funds, which are agency funds.

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's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 59 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Government-Wide Financial Analysis
Town of Pilot Mountain, North Carolina's Net Position

Figure 2

| | Governmental Activities | | Business-Type | | Totals | |
|----------------------------------|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | | | Activities | | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Assets: | | | | | | |
| Current assets | \$ 879,189 | \$ 974,784 | \$ 331,442 | \$ 416,355 | \$ 1,210,631 | \$ 1,391,139 |
| Capital assets | 2,078,352 | 2,129,224 | 6,139,327 | 6,313,150 | 8,217,679 | 8,442,374 |
| Non-current assets | 252,878 | 252,878 | - | - | 252,878 | 252,878 |
| Deferred outflows of resources | 128,362 | 146,030 | 25,319 | 43,369 | 153,681 | 189,399 |
| Total assets | <u>3,338,781</u> | <u>3,502,916</u> | <u>6,496,088</u> | <u>6,772,874</u> | <u>9,834,869</u> | <u>10,275,790</u> |
| Liabilities: | | | | | | |
| Current liabilities | 123,380 | 166,216 | 212,035 | 245,258 | 335,415 | 411,474 |
| Long-term liabilities | 547,524 | 513,890 | 623,852 | 738,759 | 1,171,376 | 1,252,649 |
| Other non current liabilities | 252,878 | 252,878 | - | - | 252,878 | 252,878 |
| Deferred inflows of resources | 11,618 | 16,663 | 3,319 | 4,914 | 14,937 | 21,577 |
| Total liabilities | <u>935,400</u> | <u>949,647</u> | <u>839,206</u> | <u>988,931</u> | <u>1,774,606</u> | <u>1,938,578</u> |
| Net Position: | | | | | | |
| Net investment in capital assets | 1,859,935 | 1,900,642 | 5,443,232 | 5,509,980 | 7,303,167 | 7,410,622 |
| Restricted | 534,922 | 271,660 | - | - | 534,922 | 271,660 |
| Unrestricted | 8,524 | 380,967 | 213,650 | 273,963 | 222,174 | 654,930 |
| Total net position | <u>\$ 2,403,381</u> | <u>\$ 2,553,269</u> | <u>\$ 5,656,882</u> | <u>\$ 5,783,943</u> | <u>\$ 8,060,263</u> | <u>\$ 8,337,212</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 resources of the 2018 Audit of the Town of Pilot Mountain, North Carolina exceeded liabilities and deferred inflows of resources by \$8,060,263 as of June 30, 2018. The Town's net position decreased by \$241,447 for the fiscal year ended June 30, 2018. However, the largest portion (91%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Pilot Mountain, North Carolina uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Pilot Mountain'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 of Pilot Mountain, North Carolina's net position, \$534,922 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$222,174 is unrestricted.

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

- Continued success in collecting real property and motor vehicle taxes.
- Continued growth in sales tax collections.
- Continued efforts by the staff to control expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

- Efforts to take care of deferred maintenance and delayed capital expenditures from previous fiscal years caused the expenses to increase this fiscal year.

Town of Pilot Mountain, North Carolina's Changes in Net Position

Figure 3

| | Governmental Activities | | Business-Type Activities | | Totals | |
|---|-------------------------|------------------|-----------------------------|----------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | | | | |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 148,035 | \$ - | \$ 891,246 | \$ 854,528 | \$ 1,039,281 | \$ 854,528 |
| Operating grants and contributions | 44,449 | 49,264 | - | - | 44,449 | 49,264 |
| Capital grants and contributions | 34,904 | - | 98,100 | 37,000 | 133,004 | 37,000 |
| General revenues: | | | | | | |
| Property taxes | 823,632 | 819,384 | - | - | 823,632 | 819,384 |
| Other taxes | 563,615 | 545,974 | - | - | 563,615 | 545,974 |
| Miscellaneous | 8,600 | 140,827 | 33,126 | 32,710 | 41,726 | 173,537 |
| Gain on disposal of capital assets | - | 16,693 | 497 | 8,891 | 497 | 25,584 |
| Total revenues | 1,623,235 | 1,572,142 | 1,022,969 | 933,129 | 2,646,204 | 2,505,271 |
| Expenses: | | | | | | |
| General government | 378,451 | 372,078 | - | - | 378,451 | 372,078 |
| Public safety | 703,164 | 591,812 | - | - | 703,164 | 591,812 |
| Transportation | 148,096 | 177,483 | - | - | 148,096 | 177,483 |
| Pilot Center | 79,503 | 96,797 | - | - | 79,503 | 96,797 |
| Economic development | 64,493 | 42,861 | - | - | 64,493 | 42,861 |
| Environmental protection | 269,913 | 208,938 | - | - | 269,913 | 208,938 |
| Cultural and recreation | 62,116 | 35,011 | - | - | 62,116 | 35,011 |
| Interest on long-term debt | 6,149 | 1,765 | - | - | 6,149 | 1,765 |
| Water and sewer | - | - | 1,175,766 | 994,305 | 1,175,766 | 994,305 |
| Total expenses | 1,711,885 | 1,526,745 | 1,175,766 | 994,305 | 2,887,651 | 2,521,050 |
| Increase (decrease) in net position before transfers | (88,650) | 45,397 | (152,797) | (61,176) | (241,447) | (15,779) |
| Transfers | (34,611) | - | 34,611 | - | - | - |
| Increase (decrease) in net position | (123,261) | 45,397 | (118,186) | (61,176) | (241,447) | (15,779) |
| Net position, previously reported | 2,553,269 | 2,714,445 | 5,783,943 | 5,845,119 | 8,337,212 | 8,559,564 |
| Restatement | (26,627) | (206,573) | (8,875) | - | (35,502) | (206,573) |
| Net position, beginning as restated | 2,526,642 | 2,507,872 | 5,775,068 | 5,845,119 | 8,301,710 | 8,352,991 |
| Net position, ending | \$ 2,403,381 | \$ 2,553,269 | \$ 5,656,882 | \$ 5,783,943 | \$ 8,060,263 | \$ 8,337,212 |

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Governmental Activities – Governmental activities decreased the Town's net position by \$123,261. The key elements of this decrease are as follows:

- Higher tax anticipated sales tax collections.
- Staff was diligent in monitoring expenditures and kept expenditures in the general fund below expectations.
- The Town kept a vacant position in the Public Works Department open during the course of the fiscal year.

Business-Type Activities – Business-type activities decreased the Town of Pilot Mountain's net position by \$118,186 thereby offsetting part of the gain in the governmental activities. The key elements of this decrease are as follows:

- The Town kept a vacant position in the Public Works Department open during the fiscal year.
- Staff was diligent in securing better than anticipated pricing for various projects that kept expenses below expected levels.
- These efforts were offset by depreciation expense, which is the primary reason for the decrease in net position.

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Pilot Mountain. At the end of the current fiscal year, the Town of Pilot Mountain's fund balance available in the General Fund was \$312,193, while the total fund balance reached \$847,115. The Town currently has an available balance of 19% of general fund expenditures, and total fund balance represents 51% of the same amount.

At June 30, 2018, the governmental funds of the Town of Pilot Mountain reported a combined fund balance of \$846,920 with a net decrease in fund balance of \$58,284. Included in this change in fund balance is a decrease in the fund balance for the General Fund and a decrease in the fund balance for the Capital Projects 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.

These included an amendment to appropriate additional local option sales tax revenue in order to cover unanticipated expenses in the police department and Pilot Center. In addition, the Town appropriated available contingency to cover certain capital expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Proprietary Fund – The Town of Pilot Mountain's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$213,650. The total decrease in net position for the fund was \$118,186. The change in net position in the Water and Sewer Fund is primarily the result of the charge for depreciation expense.

Capital Asset and Debt Administration

Capital Assets – The Town of Pilot Mountain's investment in capital assets for its governmental and business-type activities as of June 30, 2018, totals \$8,217,679 (net of accumulated depreciation). These assets include land, buildings, sewer lines, equipment, and vehicles.

Major capital asset transactions during the year include the following:

- The Town spent \$24,491 on a new vehicle during the fiscal year.
- The Town spent \$541,000 on a water/sewer capital project during the fiscal year.

Town of Pilot Mountain, North Carolina's Capital Assets

Figure 4

| | Governmental Activities | | Business-Type Activities | | Totals | |
|-------------------------------------|-------------------------|--------------|--------------------------|--------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Land | \$ 316,040 | \$ 316,040 | \$ 168,864 | \$ 168,864 | \$ 484,904 | \$ 484,904 |
| Building and systems | 1,480,501 | 1,533,598 | 5,705,426 | 5,530,419 | 7,185,927 | 7,064,017 |
| Machinery and equipment | 81,784 | 112,294 | 116,473 | 155,364 | 198,257 | 267,658 |
| Infrastructure | 97,949 | 102,553 | - | - | 97,949 | 102,553 |
| Vehicles and motorized equipment | 66,979 | 64,739 | 29,889 | 1,721 | 96,868 | 66,460 |
| Construction in progress | 35,099 | - | 118,675 | 456,782 | 153,774 | 456,782 |
| Total | \$ 2,078,352 | \$ 2,129,224 | \$ 6,139,327 | \$ 6,313,150 | \$ 8,217,679 | \$ 8,442,374 |

Additional information on the Town's capital assets can be found in the notes to the basic financial statements.

Long-Term Debt – As of June 30, 2018, the Town had total debt outstanding of \$1,406,447. Of this amount, \$595,374 is debt backed by the full faith and credit of the Town, \$141,060 is secured by a building, and \$178,078 is secured by equipment. The remainder of the Town's debt is secured solely by specified revenue sources.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Outstanding Debt

Figure 5

| | Governmental Activities | | Business-Type Activities | | Totals | |
|-------------------------------|-------------------------|------------|--------------------------|------------|--------------|--------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Loan agreement | \$ - | \$ - | \$ 163,286 | \$ 190,500 | \$ 163,286 | \$ 190,500 |
| General obligation bonds | - | - | 125,000 | 138,000 | 125,000 | 138,000 |
| Promissory note | 141,060 | 158,913 | - | - | 141,060 | 158,913 |
| Equipment loan payable | 52,866 | 69,669 | 52,866 | 69,669 | 105,732 | 139,338 |
| Water meter project | - | - | 307,088 | 350,000 | 307,088 | 350,000 |
| Vehicle loan payable | 24,491 | - | 47,855 | 55,000 | 72,346 | 55,000 |
| Compensated absences | 50,437 | 47,372 | 28,075 | 31,458 | 78,512 | 78,830 |
| Total OPEB liability | 22,940 | 26,627 | 7,646 | 8,875 | 30,586 | 35,502 |
| Total pension liability (LEO) | 250,078 | 202,902 | - | - | 250,078 | 202,902 |
| Net pension liability (LGERS) | 99,569 | 137,150 | 33,190 | 46,855 | 132,759 | 184,005 |
| Total | \$ 641,441 | \$ 642,633 | \$ 765,006 | \$ 890,357 | \$ 1,406,447 | \$ 1,532,990 |

Town of Pilot Mountain's Outstanding Debt

The Town of Pilot Mountain's total debt decreased by \$126,543 (8%) during the past fiscal year.

North Carolina's general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Pilot Mountain is \$9,410,779.

Additional information regarding the Town of Pilot Mountain's long-term debt can be found in Note 2 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.

The Town's economy has not recovered as quickly as the State and national economies. However, the Town has seen growth in sales tax revenues and expects that moderate growth to continue.

Budget Highlights for the Fiscal Year Ended June 30, 2018

Governmental Activities:

- The Board of Commissioners continued to make capital expenditures that were deferred during the economic downturn.
- The Board made minor adjustments to the fee schedule to ensure that our fees were covering the cost to provide service.

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2018

Business-type Activities:

- The Town finished its meter infrastructure upgrade project. This will lead to increased water/sewer revenues.
- The Board of Commissioners added a new fee to the Town's fee schedule during the year to help fund future water/sewer infrastructure projects. This fee is reserved for capital expenditures.
- The Board of Commissioners made capital expenditures that were deferred during the economic downturn.

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 Michael Boaz, Town Manager/Finance Officer or Holly Utt, Town Clerk, Town of Pilot Mountain, 124 West Main Street, Box 1, Pilot Mountain, NC 27041. One can also call (336) 368-2248, visit our website at www.pilotmountainnc.org or send an email to mboaz@pilotmountainnc.org or hutt@pilotmountainnc.org.

BASIC FINANCIAL STATEMENTS

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Statement of Net Position
June 30, 2018

| | Primary Government | | |
|--|----------------------------|-----------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 597,802 | \$ 57,048 | \$ 654,850 |
| Taxes receivables, net | 2,806 | - | 2,806 |
| Accounts receivable, net | 338 | 135,189 | 135,527 |
| Due from other governments | 142,309 | 100,682 | 242,991 |
| Due from component unit | 167 | - | 167 |
| Internal balances | (3,268) | 3,268 | - |
| Inventory | - | - | - |
| Prepaid items | - | - | - |
| Restricted cash and cash equivalents | 139,035 | 35,255 | 174,290 |
| Total current assets | <u>879,189</u> | <u>331,442</u> | <u>1,210,631</u> |
| Non-current assets: | | | |
| Capital assets: | | | |
| Land, non-depreciable improvements, and construction in progress | 351,139 | 287,539 | 638,678 |
| Other capital assets, net of depreciation | 1,727,213 | 5,851,788 | 7,579,001 |
| Total capital assets | <u>2,078,352</u> | <u>6,139,327</u> | <u>8,217,679</u> |
| Grant repayment | 252,878 | - | 252,878 |
| Security deposit | - | - | - |
| Total assets | <u>3,210,419</u> | <u>6,470,769</u> | <u>9,681,188</u> |
| Deferred Outflows of Resources | | | |
| Pension deferrals | 128,362 | 25,319 | 153,681 |
| Total deferred outflow of resources | <u>128,362</u> | <u>25,319</u> | <u>153,681</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 29,463 | 35,626 | 65,089 |
| Current portion of long-term liabilities | 93,917 | 141,154 | 235,071 |
| Payable from restricted assets | - | 35,255 | 35,255 |
| Total current liabilities | <u>123,380</u> | <u>212,035</u> | <u>335,415</u> |
| Long-term liabilities: | | | |
| Grant repayment | 252,878 | - | 252,878 |
| Due in more than one year | 547,524 | 623,852 | 1,171,376 |
| Total liabilities | <u>923,782</u> | <u>835,887</u> | <u>1,759,669</u> |
| Deferred Inflows of Resources | | | |
| Pension deferrals | 11,618 | 3,319 | 14,937 |
| Total deferred inflow of resources | <u>11,618</u> | <u>3,319</u> | <u>14,937</u> |
| Net Position | | | |
| Net investment in capital assets | 1,859,935 | 5,443,232 | 7,303,167 |
| Restricted for: | | | |
| Stabilization by State Statute | 395,887 | - | 395,887 |
| Streets-Powell Bill | 139,035 | - | 139,035 |
| Other functions | - | - | - |
| Unrestricted | 8,524 | 213,650 | 222,174 |
| Total net position | <u>\$ 2,403,381</u> | <u>\$ 5,656,882</u> | <u>\$ 8,060,263</u> |

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

Exhibit 1

| Pilot Mountain ABC Board | Pilot Mountain Tourism Development Authority |
|-----------------------------|---|
| \$ 171,482 | \$ 41,923 |
| - | - |
| - | 2,421 |
| - | - |
| - | - |
| 114,834 | - |
| 2,388 | - |
| - | - |
| <u>288,704</u> | <u>44,344</u> |
| - | - |
| 10,555 | - |
| <u>10,555</u> | - |
| - | - |
| 5,000 | - |
| <u>304,259</u> | <u>44,344</u> |
| 8,270 | - |
| <u>8,270</u> | - |
| 59,419 | 179 |
| - | - |
| - | - |
| <u>59,419</u> | <u>179</u> |
| - | - |
| 9,014 | - |
| <u>68,433</u> | <u>179</u> |
| 1,729 | - |
| <u>1,729</u> | - |
| 10,555 | - |
| - | - |
| - | - |
| 31,563 | - |
| 200,249 | 44,165 |
| <u>\$ 242,367</u> | <u>\$ 44,165</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Statement of Activities
Year Ended June 30, 2018

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 378,451 | \$ 76,451 | \$ - | \$ - |
| Public safety | 703,164 | 2,324 | - | - |
| Transportation | 148,096 | - | 44,449 | - |
| Pilot Center | 79,503 | - | - | - |
| Economic development | 64,493 | - | - | - |
| Environmental protection | 269,913 | 69,260 | - | 34,904 |
| Cultural and recreation | 62,116 | - | - | - |
| Interest on long-term debt | 6,149 | - | - | - |
| Total governmental activities | <u>1,711,885</u> | <u>148,035</u> | <u>44,449</u> | <u>34,904</u> |
| Business-type activities: | | | | |
| Water and sewer | <u>1,175,766</u> | <u>891,246</u> | <u>-</u> | <u>98,100</u> |
| Total business-type activities | <u>1,175,766</u> | <u>891,246</u> | <u>-</u> | <u>98,100</u> |
| Total primary government | <u>\$ 2,887,651</u> | <u>\$ 1,039,281</u> | <u>\$ 44,449</u> | <u>\$ 133,004</u> |
| Component units: | | | | |
| ABC Board | \$ 993,204 | \$ 1,060,811 | \$ - | \$ - |
| Tourism Development Authority | 28,929 | 32,586 | - | - |
| Total component units | <u>\$ 1,022,133</u> | <u>\$ 1,093,397</u> | <u>\$ -</u> | <u>\$ -</u> |

General Revenues:

Taxes:

Property taxes, levied for general purpose

Unrestricted intergovernmental revenues

Unrestricted investment earnings

Miscellaneous

Gain on disposal of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning, previously reported

Restatement

Net position, beginning, restated

Net position - ending

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

| Net (Expense) Revenue and Changes in Net Position | | | | |
|---|-----------------------------|---------------------|-----------------------------|---|
| Primary Government | | | Pilot Mountain ABC Board | Pilot Mountain Tourism Development Authority |
| Governmental Activities | Business-type Activities | Total | | |
| \$ (302,000) | \$ - | \$ (302,000) | \$ - | \$ - |
| (700,840) | - | (700,840) | - | - |
| (103,647) | - | (103,647) | - | - |
| (79,503) | - | (79,503) | - | - |
| (64,493) | - | (64,493) | - | - |
| (165,749) | - | (165,749) | - | - |
| (62,116) | - | (62,116) | - | - |
| (6,149) | - | (6,149) | - | - |
| <u>(1,484,497)</u> | <u>-</u> | <u>(1,484,497)</u> | <u>-</u> | <u>-</u> |
| - | (186,420) | (186,420) | - | - |
| - | (186,420) | (186,420) | - | - |
| <u>(1,484,497)</u> | <u>(186,420)</u> | <u>(1,670,917)</u> | <u>-</u> | <u>-</u> |
| - | - | - | 67,607 | - |
| - | - | - | - | 3,657 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>67,607</u> | <u>3,657</u> |
| 823,632 | - | 823,632 | - | - |
| 555,411 | - | 555,411 | - | - |
| 8,204 | - | 8,204 | - | - |
| 8,600 | 33,126 | 41,726 | - | - |
| - | 497 | 497 | - | - |
| (34,611) | 34,611 | - | - | - |
| <u>1,361,236</u> | <u>68,234</u> | <u>1,429,470</u> | <u>-</u> | <u>-</u> |
| <u>(123,261)</u> | <u>(118,186)</u> | <u>(241,447)</u> | <u>67,607</u> | <u>3,657</u> |
| 2,553,269 | 5,783,943 | 8,337,212 | 174,760 | 40,508 |
| (26,627) | (8,875) | (35,502) | - | - |
| <u>2,526,642</u> | <u>5,775,068</u> | <u>8,301,710</u> | <u>174,760</u> | <u>40,508</u> |
| <u>\$ 2,403,381</u> | <u>\$ 5,656,882</u> | <u>\$ 8,060,263</u> | <u>\$ 242,367</u> | <u>\$ 44,165</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Exhibit 3

Statement of Net Position

Governmental Funds

June 30, 2018

| | Major Governmental Fund <u>General Fund</u> | Total Non-Major Funds | Total Governmental Funds |
|---|--|-----------------------------|--------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 597,802 | \$ - | \$ 597,802 |
| Restricted cash | 139,035 | - | 139,035 |
| Receivables, net: | | | |
| Taxes | 2,806 | - | 2,806 |
| Other | 253,216 | - | 253,216 |
| Due from other governments | 122,558 | 19,751 | 142,309 |
| Due from component unit | 167 | - | 167 |
| Due from other funds | 19,946 | - | 19,946 |
| Total assets | <u>\$ 1,135,530</u> | <u>\$ 19,751</u> | <u>\$ 1,155,281</u> |
| Liabilities | | | |
| Accounts payable and accrued liabilities | \$ 282,341 | \$ - | \$ 282,341 |
| Due to other funds | 3,268 | 19,946 | 23,214 |
| Total liabilities | <u>285,609</u> | <u>19,946</u> | <u>305,555</u> |
| Deferred Inflow of Resources | | | |
| Property taxes receivable | <u>2,806</u> | <u>-</u> | <u>2,806</u> |
| | 2,806 | - | 2,806 |
| Fund Balances | | | |
| Restricted for: | | | |
| Stabilization by State Statue | 395,887 | - | 395,887 |
| Streets | 139,035 | - | 139,035 |
| Assigned: | | | |
| Capital project funds | - | (195) | (195) |
| Unassigned | <u>312,193</u> | <u>-</u> | <u>312,193</u> |
| Total fund balances | <u>847,115</u> | <u>(195)</u> | <u>846,920</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 1,135,530</u> | <u>\$ 19,751</u> | <u>\$ 1,155,281</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Exhibit 4

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Governmental Funds

June 30, 2018

Amounts reported for governmental activities in the statement of net position
(Exhibit 1) are different because:

| | | |
|--|------------------|---------------------|
| Total Fund Balance, Governmental Funds | | \$ 846,920 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: | | |
| Gross capital assets at historical cost | \$ 3,637,839 | |
| Less accumulated depreciation | <u>1,559,487</u> | 2,078,352 |
| Earned revenues considered deferred inflows of resources in fund statements | | 2,806 |
| Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds: | | |
| Compensated absences | (50,437) | |
| Long-term debt | (218,417) | |
| Total pensions liability (LEO) | (250,078) | |
| Net pension liability (LGRS) | (99,569) | |
| OPEB liability | <u>(22,940)</u> | (641,441) |
| Deferred resources related to pensions are not reported in the funds: | | |
| Outflows of recourses | 128,362 | |
| Inflows of recourses | <u>(11,618)</u> | <u>116,744</u> |
| Net position of governmental activities | | <u>\$ 2,403,381</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

Exhibit 5

| | Major Governmental Fund <u>General Fund</u> | Total Non-Major Funds | Total Governmental Funds |
|--------------------------------------|--|-----------------------------|--------------------------------|
| Revenues | | | |
| Ad valorem taxes | \$ 826,304 | \$ - | \$ 826,304 |
| Unrestricted intergovernmental | 553,524 | - | 553,524 |
| Restricted intergovernmental | 49,685 | 34,904 | 84,589 |
| Permits and fees | 4,560 | - | 4,560 |
| Investment earnings | 8,204 | - | 8,204 |
| Miscellaneous | 140,126 | - | 140,126 |
| Total revenues | <u>1,582,403</u> | <u>34,904</u> | <u>1,617,307</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 348,923 | - | 348,923 |
| Public safety | 662,024 | - | 662,024 |
| Transportation | 149,262 | - | 149,262 |
| Pilot Center | 41,207 | - | 41,207 |
| Economic development | 83,296 | - | 83,296 |
| Environmental protection | 251,339 | 35,099 | 286,438 |
| Culture and recreation | 62,116 | - | 62,116 |
| Debt service: | | | |
| Principal | 34,656 | - | 34,656 |
| Interest and other charges | 6,149 | - | 6,149 |
| Total expenditures | <u>1,638,972</u> | <u>35,099</u> | <u>1,674,071</u> |
| Excess of revenues over expenditures | <u>(56,569)</u> | <u>(195)</u> | <u>(56,764)</u> |
| Other Financing Sources | | | |
| Installment obligations issued | 24,491 | - | 24,491 |
| Transfer out to other funds | (34,611) | - | (34,611) |
| Sale of capital assets | 8,600 | - | 8,600 |
| Total other financing sources | <u>(1,520)</u> | <u>-</u> | <u>(1,520)</u> |
| Net change in fund balances | <u>(58,089)</u> | <u>(195)</u> | <u>(58,284)</u> |
| Fund balances, beginning | <u>905,204</u> | <u>-</u> | <u>905,204</u> |
| Fund balances (deficit), ending | <u>\$ 847,115</u> | <u>\$ (195)</u> | <u>\$ 846,920</u> |

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

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

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

| | | |
|--|------------------|---------------------|
| Net changes in fund balances - total governmental funds | | \$ (58,284) |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful life 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 | 59,590 | |
| Depreciation expense for governmental activities | <u>(110,462)</u> | (50,872) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | | 31,742 |
| Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities | | 16,149 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Change in unavailable revenue for tax revenues | | (2,672) |
| 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 | (24,491) | |
| Principal payments on long-term debt | <u>34,656</u> | 10,165 |
| 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 | (3,065) | |
| OPEB plan expense | 3,687 | |
| Pension expenses | <u>(70,111)</u> | <u>(69,489)</u> |
| Total changes in net position of governmental activities | | <u>\$ (123,261)</u> |

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

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

| | General Fund | | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|------------------|------------------|-------------------|---|
| | Original | Final Budget | Actual Amounts | |
| Revenues | | | | |
| Ad valorem taxes | \$ 812,500 | \$ 816,500 | \$ 826,304 | \$ 9,804 |
| Unrestricted intergovernmental | 564,500 | 565,800 | 553,524 | (12,276) |
| Restricted intergovernmental | 44,860 | 44,860 | 49,685 | 4,825 |
| Permits and fees | 2,000 | 4,190 | 4,560 | 370 |
| Investment earnings | 1,230 | 6,230 | 8,204 | 1,974 |
| Miscellaneous | 223,940 | 258,450 | 140,126 | (118,324) |
| Total revenues | <u>1,649,030</u> | <u>1,696,030</u> | <u>1,582,403</u> | <u>(113,627)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 405,920 | 409,130 | 348,923 | 60,207 |
| Public safety | 598,870 | 608,370 | 662,024 | (53,654) |
| Transportation | 223,510 | 216,890 | 149,262 | 67,628 |
| Pilot Center | - | 43,390 | 41,207 | 2,183 |
| Economic development | - | 4,884 | 83,296 | (78,412) |
| Environmental protection | 241,520 | 241,520 | 251,339 | (9,819) |
| Cultural and recreation | 86,670 | 102,836 | 62,116 | 40,720 |
| Debt service: | | | | |
| Principal retirement | 34,661 | 34,661 | 34,656 | 5 |
| Interest and other charges | 6,149 | 6,149 | 6,149 | - |
| Contingency | 51,730 | 41,730 | - | 41,730 |
| Total expenditures | <u>1,649,030</u> | <u>1,709,560</u> | <u>1,638,972</u> | <u>70,588</u> |
| Revenues over (under) expenditures | <u>-</u> | <u>(13,530)</u> | <u>(56,569)</u> | <u>(43,039)</u> |
| Other Financing Sources (Uses) | | | | |
| Issuance of debt | - | - | 24,491 | 24,491 |
| Transfers to other funds | - | (64,620) | (34,611) | 30,009 |
| Sale of capital assets | - | (86,000) | 8,600 | 94,600 |
| Total other financing sources (uses) | <u>-</u> | <u>(150,620)</u> | <u>(1,520)</u> | <u>149,100</u> |
| Fund balance appropriated | <u>-</u> | <u>164,150</u> | <u>-</u> | <u>(164,150)</u> |
| Net changes in fund balances | <u>\$ -</u> | <u>\$ -</u> | <u>(58,089)</u> | <u>\$ (58,089)</u> |
| Fund balances, beginning | | | 905,204 | |
| Fund balances, ending | | | <u>\$ 847,115</u> | |

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

Statement of Net Position

Proprietary Fund

June 30, 2018

| | Major Enterprise Fund Water and Sewer Fund |
|--|---|
| Assets | |
| Current assets: | |
| Cash and equivalents | \$ 57,048 |
| Account receivables, net | 135,189 |
| Due from other governments | 19,082 |
| Grant receivable | 81,600 |
| Due from other funds | 3,268 |
| Restricted cash and cash equivalents | 35,255 |
| Total current assets | <u>331,442</u> |
| Noncurrent assets: | |
| Capital assets: | |
| Land and other non-depreciable assets | 287,539 |
| Other capital asset, net of depreciation | 5,851,788 |
| Total noncurrent assets | <u>6,139,327</u> |
| Total assets | <u>6,470,769</u> |
| Deferred Outflows of Resources | |
| Pension deferrals | 25,319 |
| Total deferred outflows of resources | <u>25,319</u> |
| Liabilities | |
| Current liabilities: | |
| Accounts payable and accrued liabilities | 35,626 |
| Current portion of long-term liabilities | 141,154 |
| Liabilities payable from restricted assets - customer deposits | 35,255 |
| Total current liabilities | <u>212,035</u> |
| Long-term liabilities: | |
| Due in more than one year | 623,852 |
| Total liabilities | <u>835,887</u> |
| Deferred Inflows of Resources | |
| Pension deferrals | 3,319 |
| Total deferred inflows of resources | <u>3,319</u> |
| Net Position | |
| Net investment in capital assets | 5,443,232 |
| Unrestricted | 213,650 |
| Total net position | <u>\$ 5,656,882</u> |

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

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2018

Exhibit 9

| | Major Enterprise Fund <u>Water and Sewer Fund</u> |
|---|--|
| Operating revenues: | |
| Water and sewer charges | \$ 850,167 |
| Other operating revenues | 41,079 |
| Total operating revenues | <u>891,246</u> |
| Operating expenses: | |
| Sewer department | 239,099 |
| Water administration | 110,230 |
| Sewer treatment | 233,993 |
| Line maintenance | 184,616 |
| Depreciation | 376,715 |
| Total operating expenses | <u>1,144,653</u> |
| Operating loss | <u>(253,407)</u> |
| Non-operating revenues (expenses): | |
| Gain on sale of capital assets | 497 |
| Infrastructure fees | 33,126 |
| Interest and other charges | (31,113) |
| Total non-operating revenues (expenses) | <u>2,510</u> |
| Net loss before contributions and transfers | <u>(250,897)</u> |
| Transfer from other funds | 34,611 |
| Capital contributions | 98,100 |
| Change in net position | <u>(118,186)</u> |
| Total net position, previously reported | 5,783,943 |
| Restatement | (8,875) |
| Total net position, restated | <u>5,775,068</u> |
| Total net position, ending | <u><u>\$ 5,656,882</u></u> |

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

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2018

Exhibit 10

| | Major Enterprise Fund |
|---|--------------------------|
| | Water and Sewer Fund |
| Cash flows from operating activities: | |
| Cash received from customers | \$ 828,541 |
| Cash paid for goods and services | (514,168) |
| Cash paid on behalf of employees for services | (281,523) |
| Customer deposits collected, net | 244 |
| Other operating revenues | 6,661 |
| Net cash provided by operating activities | <u>39,755</u> |
| Cash flows from noncapital financing activities: | |
| Transfers from other funds | <u>34,611</u> |
| Net cash provided by noncapital financing activities | <u>34,611</u> |
| Cash flows from capital and related financing activities: | |
| Capital contributions | 98,100 |
| Infrastructure fees | 33,126 |
| Principal paid on long-term liabilities | (107,073) |
| Gain on sale of capital assets | 497 |
| Interest paid on on-term liabilities | (37,081) |
| Acquisition and construction of capital assets | (202,894) |
| Net cash used in capital and related financing activities | <u>(215,325)</u> |
| Net decrease in cash and cash equivalents | (140,959) |
| Balances, beginning | <u>233,262</u> |
| Balances, ending | <u>\$ 92,303</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Statement of Cash Flows (Continued)
Proprietary Fund
Year Ended June 30, 2018

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

| | |
|---|------------------|
| Operating loss | \$ (253,407) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| Depreciation | 376,715 |
| Changes in assets and liabilities: | |
| (Increase) decrease in: | |
| Accounts receivable | (21,626) |
| Due from other governments | 10,182 |
| Grant receivable | (44,600) |
| Deferred outflows of resources - pensions | 18,050 |
| Increase (decrease) in: | |
| Accounts payable and accrued liabilities | (25,930) |
| Customers deposits | 244 |
| Compensated absences | (3,384) |
| Net pension liability | (13,665) |
| Deferred inflows of resources - pensions | (1,595) |
| OPEB liability | (1,229) |
| Total adjustments | <u>293,162</u> |
| Net cash provided by operating activities | <u>\$ 39,755</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Statement of Fiduciary Net Position
Fiduciary Fund
Year Ended June 30, 2018

Exhibit 11

| | <u>Agency Fund</u> |
|---------------------------|-------------------------|
| Assets | |
| Cash and cash equivalents | <u>\$ 18,183</u> |
| Total assets | <u><u>\$ 18,183</u></u> |
| Liabilities | |
| Liabilities: | |
| Intergovernmental payable | <u>\$ 18,183</u> |
| Total liabilities | <u><u>\$ 18,183</u></u> |

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Pilot Mountain, North Carolina (the "Town") conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The Town of Pilot Mountain, North Carolina is a municipal corporation that is governed by an elected mayor and a four-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component units, legally separate entities for which the Town is financially accountable. The discretely presented component units presented below are reported in separate columns in the Town's financial statements in order to emphasize that they are legally separate from the Town.

Pilot Mountain ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Pilot Mountain ABC Board, P.O. Box 1478, Pilot Mountain, NC 27041.

Pilot Mountain Tourism Development Authority

The members of the Tourism Development Authority's governing board are appointed by the Town. In addition, the Town of Pilot Mountain transfers all of the occupancy tax collected to the Tourism Development Authority to be used to promote tourism. The Tourism Development Authority, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). A separate report was not issued for the Tourism Development Authority.

Basis of Presentation

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

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

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Town reports the following major governmental fund:

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

The Town reports the following non-major governmental fund:

Landfill Rehabilitation Project Capital Project Fund – This fund is used to account for the rehabilitation expenses of the Town's landfill.

The Town reports the following major enterprise fund:

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

The Town reports the following fund type:

Agency Fund – Agency funds are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets the Town holds on behalf of others. The Town reports the following agency funds:

Mount Pilot Now Agency Fund

The Town maintains fiduciary responsibility over the bank account for Mount Pilot Now.

Pilot Mountain Area Business Association Committee Agency Fund

The Town maintains fiduciary responsibility over the bank account for the Pilot Mountain Area Business Association Committee.

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, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

The Town considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem taxes receivable are not accrued as 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 Pilot Mountain because the tax is levied by Surry 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.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 by general revenues.

Budgetary Data

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General and Proprietary Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Landfill Rehabilitation Project, Water Meter, Water/Sewer Interconnection/Regionalization Study, Lola Lane Sewer Repair Project, and Water and Sewer Infrastructure funds. The Proprietary 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. All amendments must be approved by the governing board and the board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

Deposits and Investments

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

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

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 ABC Board and the Tourism Development Authority consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Town of Pilot Mountain Restricted Cash

Governmental Activities:

General Fund:

| | |
|-------------------------------|----------------|
| Streets | \$ 139,035 |
| Total Governmental Activities | <u>139,035</u> |

Business-Type Activities:

Water and Sewer Fund:

| | |
|--------------------------------|---------------|
| Customer deposits | 35,255 |
| Total Business-Type Activities | <u>35,255</u> |

| | |
|-----------------------|-------------------|
| Total Restricted Cash | <u>\$ 174,290</u> |
|-----------------------|-------------------|

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2017. As allowed by State law, the Town has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowance 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. The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2018 is net of the following allowances for doubtful accounts for taxes receivable in the amount of \$24,849.

Inventory and Prepaid Items

The inventories of the ABC Board are valued at the lower of cost (first-in, first-out) or net realizable value. The inventories of the ABC Board consist of goods held for sale. The cost of these inventories is expensed when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

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 set at \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|-------------------------------------|-------------------------------|
| Buildings and systems | 20 to 50 years |
| Infrastructure | 30 years |
| Plant and distribution systems | 40 years |
| Equipment | 3 to 10 years |
| Furniture and maintenance equipment | 3 to 20 years |
| Vehicles | 3 to 20 years |

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

| <u>Asset Class</u> | <u>Estimated Useful Lives</u> |
|--------------------|-------------------------------|
| Equipment | 5 to 10 years |

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 an item that meets this criterion which is the pension 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 – property taxes receivable, and pension deferrals.

Long-Term Obligations

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

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

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave. Any unused vacation at the end of each calendar year in excess of the thirty days is converted to sick leave. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policies provide 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.

Upon initial eligibility, ABC Board employees earn 96 vacation hours per year and after 10 years of eligible service, 144 vacation hours per year. Unused vacation at the end of each calendar year may not be carried over to the next year.

ABC Board employees can accumulate an unlimited amount of sick leave. Sick leave may be used in the determination of length of service for retirement benefit purposes. Since the ABC Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position

Net Position - Net position in the 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 two 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:

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

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

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

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

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Town has not adopted a minimum fund balance policy for the general fund.

Defined Benefit Cost-Sharing Plans

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

NOTE 2 – DETAIL NOTES ON ALL FUNDS

A. Assets

Deposits

All the deposits of the Town and its component units are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or its component units' agents in the units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town and its component units, these deposits are considered to be held by the Town's and component units' agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town, its component units, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and its component units 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. The ABC Board and the Tourism Development Authority have no formal policy regarding custodial credit risk for deposits.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

At June 30, 2018, the Town’s deposits had a carrying amount of \$111,184 and a bank balance of \$154,897. Of the bank balance, \$154,897 was covered by federal depository insurance and any remainder would be covered by collateral held under the pooling method. The carrying amount of deposits for and the bank balance for the ABC Board was \$169,582, Mount Pilot Now Agency Fund was \$17,243, Pilot Mountain Area Business Association Committee Agency Fund was \$940 and Tourism Development Authority was \$41,873. All of the bank balances were covered by federal depository insurance. At June 30, 2018, petty cash for the Town was \$662, ABC Board was \$1,900 and Tourism Development Authority was \$50.

Investments

At June 30, 2018, the Town’s investment balances were as follows:

| Investments by Type | Valuation Measurement Method | Book Value | Maturity | Rating |
|---|------------------------------------|------------|---------------|---------|
| NC Capital Management Trust - Government Portfolio | Amortized Cost | \$ 338,119 | N/A | AAAm |
| NC Capital Management Trust - Term Portfolio | Fair Value Level 1 | 354,144 | .09 years | Unrated |
| Certificates of Deposit | Amortized Cost | 25,031 | March 1, 2019 | Unrated |
| | | \$ 717,294 | | |

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk: The Town has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town’s internal investment policy limits the Town’s investment portfolio to maturities of less than 12 months.

Credit Risk: The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town’s investment to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The investment in the NC Capital Management Trust Government Portfolio carries a credit rating of AAAm by Standard & Poor’s as of June 30, 2018, while the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. Government agencies, and in high grade money market instruments as permitted under G.S. 159-30 as amended.

Custodial Credit Risk: The Town has no formal policy on custodial credit risk in the event of the failure of the counterparty where the Town could not recover the value of its investment or collateral securities that are in the possession of an outside party. Management procedures require a utilization of a third party custodial agent for book entry transactions, all of which shall be held in the Town’s name to limit custodial credit risk.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Concentration of Credit Risk: The Town’s Board places no limit on the amount that the Town may invest in any one issuer. More than 5% of the Town’s investments are in the NC Capital Management Trust Governmental and Term Portfolios.

Capital Assets

Primary Government

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

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|----------------|---------------|---------------------|
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 316,040 | \$ - | \$ - | \$ 316,040 |
| Construction in progress | - | 35,099 | - | 35,099 |
| Total capital assets not being depreciated | <u>316,040</u> | <u>35,099</u> | <u>-</u> | <u>351,139</u> |
| Capital assets being depreciated: | | | | |
| Buildings and systems | 2,547,542 | - | - | 2,547,542 |
| Machinery and equipment | 342,006 | - | 14,500 | 327,506 |
| Vehicles and motorized equipment | 248,961 | 24,491 | - | 273,452 |
| Infrastructure | 138,200 | - | - | 138,200 |
| Total capital assets being depreciated | <u>3,276,709</u> | <u>24,491</u> | <u>14,500</u> | <u>3,286,700</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and systems | 1,013,944 | 53,097 | - | 1,067,041 |
| Machinery and equipment | 229,712 | 30,510 | 14,500 | 245,722 |
| Vehicles and motorized equipment | 184,222 | 22,251 | - | 206,473 |
| Infrastructure | 35,647 | 4,604 | - | 40,251 |
| Total accumulated depreciation | <u>1,463,525</u> | <u>110,462</u> | <u>14,500</u> | <u>1,559,487</u> |
| Total capital assets being depreciated, net | <u>1,813,184</u> | | | <u>1,727,213</u> |
| Government activity capital assets, net | <u>\$ 2,129,224</u> | | | <u>\$ 2,078,352</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

| | |
|----------------------------|-------------------|
| General Government | \$ 24,518 |
| Public Safety | 10,590 |
| Transportation | 25,511 |
| Pilot Center | 38,296 |
| Environmental Protection | 11,547 |
| Total depreciation expense | <u>\$ 110,462</u> |

Capital asset activity for the Business-Type Activities was as follows:

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|---|-------------------------------|------------------|------------------|----------------------------|
| Business-Type Activities: | | | | |
| Water and Sewer Fund: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 168,864 | \$ - | \$ - | \$ 168,864 |
| Construction in process | 456,782 | 81,675 | 419,782 | 118,675 |
| Total capital assets not being depreciated | <u>625,646</u> | <u>81,675</u> | <u>419,782</u> | <u>287,539</u> |
| Capital assets being depreciated: | | | | |
| Buildings and systems | 14,009,639 | 503,806 | - | 14,513,445 |
| Machinery and equipment | 289,594 | 1,298 | - | 290,892 |
| Vehicles and motorized equipment | 36,922 | 35,896 | 11,851 | 60,967 |
| Total capital assets being depreciated | <u>14,336,155</u> | <u>541,000</u> | <u>11,851</u> | <u>14,865,304</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and systems | 8,479,220 | 328,799 | - | 8,808,019 |
| Machinery and equipment | 134,230 | 40,189 | - | 174,419 |
| Vehicles and motorized equipment | 35,201 | 7,728 | 11,851 | 31,078 |
| Total accumulated depreciation | <u>8,648,651</u> | <u>376,716</u> | <u>11,851</u> | <u>9,013,516</u> |
| Total capital assets being depreciated, net | <u>5,687,504</u> | | | <u>5,851,788</u> |
| Business-type activity capital assets, net | <u>\$ 6,313,150</u> | | | <u>\$ 6,139,327</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Discretely Presented Component Unit

Activity for the ABC Board for the year ended June 30, 2018, was as follows:

| | <u>Beginning Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balances</u> |
|---|-------------------------------|------------------|------------------|----------------------------|
| Capital assets being depreciated: | | | | |
| Furniture and equipment | \$ 88,821 | \$ - | \$ - | \$ 88,821 |
| Total capital assets being depreciated | <u>88,821</u> | <u>-</u> | <u>-</u> | <u>88,821</u> |
| Less accumulated depreciation for: | | | | |
| Furniture and equipment | 71,478 | 6,788 | - | 78,266 |
| Total accumulated depreciation | <u>71,478</u> | <u>6,788</u> | <u>-</u> | <u>78,266</u> |
| Government activity capital assets, net | <u>\$ 17,343</u> | | | <u>\$ 10,555</u> |

B. Liabilities

Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description: Town of Pilot Mountain, North Carolina 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 governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and the 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 as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Pilot Mountain employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Pilot Mountain's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.5% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Pilot Mountain were \$31,742 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 \$132,759 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 update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.00869%, which was an increase of 0.00002% from its proportion measured as of June 30, 2016.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

For the year ended June 30, 2018, the Town recognized pension expense of \$21,699. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 7,648 | \$ 3,758 |
| Changes of assumptions | 18,960 | - |
| Net difference between projected and actual earnings on pension plan investments | 32,235 | - |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 10,690 | 9,519 |
| Town contributions subsequent to the measurement date | 31,742 | - |
| | <u>\$ 101,275</u> | <u>\$ 13,277</u> |

\$31,742 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:

| <u>Year Ended June 30:</u> | |
|----------------------------|------------------|
| 2019 | \$ 7,955 |
| 2020 | 37,572 |
| 2021 | 18,581 |
| 2022 | (7,852) |
| | <u>\$ 56,256</u> |

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% |
| Salary increase | 3.50 to 8.1%, including inflation and productivity factor |
| Investment rate of return | 7.2%, 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.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|---|
| Fixed income | 29.0% | 1.4% |
| Global equity | 42.0% | 5.3% |
| Real estate | 8.0% | 4.3% |
| Alternatives | 8.0% | 8.9% |
| Credit | 7.0% | 6.0% |
| Inflation protection | 6.0% | 4.0% |
| | 100.0% | |

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

Discount rate: The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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 asset calculated using the discount rate of 7.2%, 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 (6.2%) or one percentage point higher (8.2%) than the current rate:

| | 1% Decrease (6.2%) | Discount Rate (7.2%) | 1% Increase (8.2%) |
|---|-----------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Towns' proportionate share of the net pension liability (asset) | \$ 398,546 | \$ 132,759 | \$ (89,089) |

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

Plan Description

The Town of Pilot Mountain administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 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 law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

| | |
|-----------------------------|-----------------|
| Retirees receiving benefits | 2 |
| Active plan members | <u>7</u> |
| | <u><u>9</u></u> |

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 and refunds are recognized when due and payable in accordance with the terms of the plan.

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

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Actuarial Assumptions

The entry age normal 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% |
| Salary increases | 3.50 to 7.35%, including inflation and productivity factor |
| Discount rate | 3.16% |

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

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

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 benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$16,149 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 \$250,078. The total pension liability was measured as of June 30, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of \$26,547.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| | <u> </u> | <u> </u> |
| Differences between expected and actual experience | \$ 28,866 | \$ - |
| Changes of assumptions | 7,391 | 1,660 |
| Town benefit payments and plan administrative expense made subsequent to measurement date | 16,149 | - |
| | <u>\$ 52,406</u> | <u>\$ 1,660</u> |

\$16,149 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2019.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30:</u> | |
|----------------------------|------------------|
| 2019 | \$ 12,282 |
| 2020 | 12,282 |
| 2021 | 10,033 |
| | <u>\$ 34,597</u> |

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 3.86 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:

| | <u>1% Decrease (2.16%)</u> | <u>Discount Rate (3.16%)</u> | <u>1% Increase (4.16%)</u> |
|---|------------------------------------|--------------------------------------|------------------------------------|
| Town's proportionate share of the net pension liability (asset) | \$ 262,052 | \$ 250,078 | \$ 238,801 |

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

| | |
|---|-------------------|
| Beginning balance | \$ 202,902 |
| Service cost | 6,645 |
| Interest on the total pension liability | 7,520 |
| Differences between expected and actual experience measurement of the total pension liability | 39,139 |
| Changes of assumptions or other inputs | 10,021 |
| Benefit payments | (16,149) |
| Ending balance of the total pension liability | <u>\$ 250,078</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.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

Following is information related to the proportionate share and pensions expenses for all pensions plans:

| | <u>LGERS</u> | <u>LEOSSA</u> | <u>Total</u> |
|---|--------------|---------------|--------------|
| Pension Expense | \$ 21,699 | \$ 26,547 | \$ 48,246 |
| Pension Liability | 132,759 | 250,078 | 382,837 |
| Proportionate share of the net pension liability | 0.00869% | n/a | |
| Deferred of Outflows of Resources | | | |
| Differences between expected and actual experience | 7,648 | 28,866 | 36,514 |
| Changes of assumptions | 18,960 | 7,391 | 26,351 |
| Net difference between projected and actual earnings on plan investments | 32,235 | - | 32,235 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 10,690 | - | 10,690 |
| Benefit payments and administrative costs paid subsequent to the measurement date | 31,742 | 16,149 | 47,891 |
| Deferred of Inflows of Resources | | | |
| Differences between expected and actual experience | 3,758 | - | 3,758 |
| Changes of assumptions | - | 1,660 | 1,660 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 9,519 | - | 9,519 |

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 and employees not engaged in law enforcement 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 pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy: Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5.00% of each officer’s and employee’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers and employees may make voluntary contributions to the plan.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

d. Other Postemployment Benefits (OPEB)

Healthcare Benefits

Plan Description: Under the terms of a Town resolution, the Town administers a single employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System ("System") and have at least fifteen years of creditable service with the Town. The Town pays a percentage of the cost of coverage based upon the number of years of service for these benefits through private insurers. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the Retiree Health Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

| | | | |
|-----------------------------|---|---|---|
| Retirees receiving benefits | <table style="margin-left: auto; margin-right: 0;"> <tr><td style="border-top: 1px solid black; border-bottom: 3px double black; text-align: center;">1</td></tr> <tr><td style="border-bottom: 3px double black; text-align: center;">1</td></tr> </table> | 1 | 1 |
| 1 | | | |
| 1 | | | |

Total OPEB Liability

The Town's total OPEB liability of \$30,586 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

| | |
|--|---|
| Inflation | 3.5% |
| Salary increases, including wage inflation | |
| General employees | 3.5 to 7.75% |
| Law enforcement officers | 3.5 to 7.35% |
| Discount rate | 3.56% |
| Healthcare cost trend rates | |
| Pre-medicare | 7.5% for 2017 decreasing to ultimate rate of 5.0% by 2023 |

The discount rate is based on the yield of the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Changes in the Total OPEB Liability

| | |
|---|-------------------------|
| Interest on net OPEB obligation | \$ 962 |
| Difference between expected and actual experience | 1,639 |
| Changes of assumptions or other inputs | <u>(388)</u> |
| Annual OPEB cost (expense) | 2,213 |
| Benefit payments | <u>(7,129)</u> |
| Decrease in net OPEB obligation | (4,916) |
| Net OPEB obligation, beginning of year | 35,502 |
| Net OPEB obligation, end of year | <u><u>\$ 30,586</u></u> |

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using scale MP-2015.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

| | <u>1% Decrease</u> | <u>Discount Rate (3.56%)</u> | <u>1% Increase</u> |
|----------------------|--------------------|----------------------------------|--------------------|
| Total OPEB liability | \$ 30,008 | \$ 30,586 | \$ 31,176 |

Sensitivity to the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

| | <u>(Pre-medicare - 6.5%)</u> | <u>Discount Rate (Pre-medicare - 7.5%)</u> | <u>(Pre-medicare - 8.5%)</u> |
|----------------------|----------------------------------|--|----------------------------------|
| Total OPEB liability | \$ 31,353 | \$ 30,586 | \$ 29,850 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the Town recognized OPEB expense of \$2,213. At June 30, 2018, the Town had no deferred outflows of resources or deferred inflows of resources related to OPEB.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Other Employment Benefit

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

a. Pilot Mountain ABC Board Retirement Plan

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation.

Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. 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.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The ABC Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The ABC Board's contractually required contribution rate for the year ended June 30, 2018, was 7.25% 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 ABC Board were \$4,224 for the year ended June 30, 2018.

Refunds of Contributions. Board 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 Board reported a liability of \$9,014 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset 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 update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension asset was based on a projection of the Board'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 Board's proportion was 0.00059%, which was no change from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Board recognized pension expense of \$2,165.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

At June 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 519 | \$ 255 |
| Changes of assumptions | 1,287 | - |
| Net difference between projected and actual earnings on pension plan investments | 2,188 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 52 | 1,474 |
| Employer contributions subsequent to the measurement date | 4,224 | - |
| | <u>\$ 8,270</u> | <u>\$ 1,729</u> |

\$4,224 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net pension asset 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:

| <u>Year Ended June 30:</u> | |
|----------------------------|-----------------|
| 2019 | \$ (380) |
| 2020 | 2,043 |
| 2021 | 1,314 |
| 2022 | (659) |
| 2023 | - |
| | <u>\$ 2,318</u> |

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 | 3.5% |
| Salary increases, including wage inflation | |
| General employees | 3.5 to 7.75% |
| Law enforcement officers | 3.5 to 7.35% |
| Discount rate | 3.56% |
| Healthcare cost trend rates | |
| Pre-medicare | 7.5% for 2017 decreasing to ultimate rate of 5.0% by 2023 |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|-------------------|---|
| Fixed income | 29.0% | 1.4% |
| Global equity | 42.0% | 5.3% |
| Real estate | 8.0% | 4.3% |
| Alternatives | 8.0% | 8.9% |
| Credit | 7.0% | 6.0% |
| Inflation protection | 6.0% | 4.0% |
| | 100.0% | |

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

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate. The following presents the Board's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the Board'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:

| | 1% Decrease (6.20%) | Discount Rate (7.20%) | 1% Increase (8.20%) |
|--|---------------------------|-----------------------------|---------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ABC Board's proportionate share of the net pension liability (asset) | \$ 27,059 | \$ 9,014 | \$ (6,049) |

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.

Deferred Outflows and Inflows of Resources

The Town had one deferred outflow of resources. Deferred outflows of resources are comprised of the following:

| | Statement of Net Position | Statement of Net Position |
|--|------------------------------|------------------------------|
| | <u> </u> | <u> </u> |
| Tax Receivables | \$ - | \$ 2,806 |
| Changes in assumptions | 1,660 | - |
| Differences between expected and actual experience | 3,758 | - |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | 9,519 | - |
| Total | <u>\$ 14,937</u> | <u>\$ 2,806</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

| | Statement of Net Position | Statement of Net Position |
|--|------------------------------|------------------------------|
| Tax Receivables | \$ - | \$ 2,806 |
| Changes in assumptions | 1,660 | - |
| Differences between expected and actual experience | 3,758 | - |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | 9,519 | - |
| Total | <u>\$ 14,937</u> | <u>\$ 2,806</u> |

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large workers' compensation claims that exceed certain dollar cost levels. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

The Town does not carry flood insurance as none of the Town's property is within flood zones.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$50,000. The remaining employees that have access to funds are bonded under a blanket bond for \$30,000.

The ABC Board 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 ABC Board has commercial property, general liability, auto liability, workmen's compensation and employee health coverage. The board also has liquor legal liability.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

There have been no significant reductions in insurance coverage for the ABC Board from coverage in the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 1 8B-700(i), each ABC Board member and employees designated as the general manager and finance officer are bonded in the amount of \$50,000, secured by a corporate surety.

The finance officer of the Tourism Development Authority is bonded in the amount of \$50,000, secured by a corporate surety.

Claims, Judgments and Contingent Liabilities

As of June 30, 2018, the Town was aware of several unasserted possible claims or assessments. In the opinion of the Town's management, the ultimate effect of these matters will not have a material adverse effect on the Town's financial position.

Commitments

The Town has entered into a contract for solid waste collection expiring June 2020 for approximately \$60,000 per year.

The ABC Board has an operating lease for its facility at 630 S. Key Street, Suite C, Pilot Mountain, North Carolina. The lease expires December 31, 2019. Rental expense was \$28,240 for the year ended June 30, 2018.

The future minimum lease payments under this operating lease as at June 30, 2018, are \$29,087 and \$14,759 for the years ending June 30, 2019 and 2020, respectively.

The ABC Board is responsible for utilities and insurance. The payment of the rentals is guaranteed by the Town of Pilot Mountain.

Long-Term Obligations

a. Loan Agreement

The Town has pledged future water and sewer revenues, net of specified operating expenses, to repay \$544,284 in water and sewer system revenue bonds issued in June 2004. Proceeds from the bonds provided financing for the construction of water line extensions and water plant renovations. The bonds are secured solely by water and sewer revenues, net of specified operating expenses and are payable, including interest at 2.57%, through 2024. Annual principal and interest payments on the bonds are expected to require substantially all water and sewer net revenues.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Annual debt service requirements to maturity for long-term obligations are as follows:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> |
|----------------------------|-------------------|------------------|
| 2019 | \$ 27,214 | \$ 4,196 |
| 2020 | 27,214 | 3,498 |
| 2021 | 27,214 | 2,798 |
| 2022 | 27,214 | 2,098 |
| 2023 | 27,214 | 1,398 |
| 2024 | 27,214 | 700 |
| | <u>\$ 163,284</u> | <u>\$ 14,688</u> |

b. General Obligation Bonds

The Town's general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due. The bonds bear interest at 5.00% per annum.

Annual debt service requirements to maturity for long-term obligations are as follows:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> |
|----------------------------|-------------------|------------------|
| 2019 | \$ 13,000 | \$ 6,250 |
| 2020 | 14,000 | 5,600 |
| 2021 | 14,000 | 4,900 |
| 2022 | 14,000 | 4,200 |
| 2023 | 14,000 | 3,500 |
| 2024-2027 | 56,000 | 7,000 |
| | <u>\$ 125,000</u> | <u>\$ 31,450</u> |

c. Promissory Note

On March 23, 2009, the Town entered into an interlocal agreement with Surry County, North Carolina for the creation of a workforce development center. Surry County purchased the building to house the project for \$540,040, and named the Town as the owner on the deed. Surry County has gifted one half of the building to the Town and the Town has signed a promissory note for the remaining half at \$270,020. The promissory note calls for interest at 3%. Payments of \$11,243, which includes interest, are due each October 1 and April 1 through April 1, 2025. The promissory note is secured by a Deed of Trust on the building. The Town has agreed to assume certain costs related to the project such as site assessment, renovations, and improvements. Upon sale of the property or any portion thereof, the sales proceeds will accrue to the County and Town equally.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Annual debt service requirements to maturity for long-term obligations are as follows:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> |
|----------------------------|-------------------|------------------|
| 2019 | \$ 18,393 | \$ 4,094 |
| 2020 | 18,949 | 3,539 |
| 2021 | 19,521 | 2,965 |
| 2022 | 20,112 | 2,376 |
| 2023 | 20,720 | 1,768 |
| 2024 - 2025 | 43,336 | 1,637 |
| | <u>\$ 141,031</u> | <u>\$ 16,379</u> |

On January 18, 2013, the Town of Pilot Mountain recorded a declaration of Pilot Center Condominium, which encumbered the property. In conjunction with the creation of the Condominium, there also was incorporated under the laws of the State of North Carolina an association known as the Pilot Center Condominium Association. Subsequent to that date on January 30, 2013, the Town of Pilot Mountain sold a portion of the property.

d. Note Payable

On October 5, 2017, the Town borrowed \$24,491 from a bank to purchase a vehicle. The note payable requires annual payments of \$8,809 which includes interest at 3.85% through October 2020. The note is secured by the vehicle.

Annual debt service requirements to maturity for note payable obligations are as follows:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> |
|----------------------------|------------------|-----------------|
| 2019 | \$ 7,850 | \$ 960 |
| 2020 | 8,157 | 652 |
| 2021 | 8,484 | 325 |
| | <u>\$ 24,491</u> | <u>\$ 1,937</u> |

On November 2, 2016, the Town borrowed \$55,000 from a bank to purchase a vehicle. The note payable requires annual payments of \$7,857 plus interest of 2.28% through November 2023. The note is secured by the vehicle.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Annual debt service requirements to maturity for long-term obligations are as follows:

| | <u>Principal</u> | <u>Interest</u> |
|----------------------------|------------------|-----------------|
| <u>Year Ending June 30</u> | | |
| 2019 | \$ 7,857 | \$ 1,090 |
| 2020 | 7,857 | 908 |
| 2021 | 7,857 | 729 |
| 2022 | 7,857 | 545 |
| 2023 | 7,857 | 363 |
| 2024 | 7,857 | 182 |
| | <u>\$ 47,142</u> | <u>\$ 3,817</u> |

e. Equipment Loan Payable

On November 30, 2015, the Town borrowed \$172,442 from a financing organization to purchase a dump truck and backhoe. The note payable requires yearly payments of \$36,636 which includes interest at 2.05% through November 2020. The note is secured by the equipment. The loan will be repaid by the general and enterprise funds equally.

Annual debt service requirements to maturity for long-term obligations for each fund are as follows:

| | <u>General Fund</u> | | <u>Enterprise Fund</u> | | <u>Total</u> | |
|----------------------------|---------------------|-----------------|------------------------|-----------------|-------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| <u>Year Ending June 30</u> | | | | | | |
| 2019 | \$ 17,237 | \$ 1,081 | \$ 17,237 | \$ 1,081 | \$ 34,474 | \$ 2,162 |
| 2020 | 17,590 | 728 | 17,590 | 728 | 35,180 | 1,456 |
| 2021 | 17,950 | 368 | 17,950 | 368 | 35,900 | 736 |
| | <u>\$ 52,777</u> | <u>\$ 2,177</u> | <u>\$ 52,777</u> | <u>\$ 2,177</u> | <u>\$ 105,554</u> | <u>\$ 4,354</u> |

f. Water Meter Note Payable

On December 15, 2016, the Town borrowed \$350,000 from a financing organization to improve water meters. The note payable requires annual payments of \$54,792 which includes interest at 2.8% through January 2024.

Annual debt service requirements to maturity for long-term obligations are as follows:

| | <u>Principal</u> | <u>Interest</u> |
|----------------------------|-------------------|------------------|
| <u>Year Ending June 30</u> | | |
| 2019 | \$ 47,771 | \$ 7,020 |
| 2020 | 48,876 | 5,916 |
| 2021 | 49,992 | 4,799 |
| 2022 | 51,161 | 3,631 |
| 2023 | 52,344 | 2,448 |
| 2024 | 53,554 | 1,238 |
| | <u>\$ 303,698</u> | <u>\$ 25,052</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

g. Changes in Long-Term Liabilities

Compensated absences for governmental activities have typically been liquidated in the General Fund.

| | Beginning Balance | Increases | Decreases | Ending Balance | Current Portion |
|---|----------------------|------------------|-------------------|-------------------|--------------------|
| Governmental Activities: | | | | | |
| Promissory note | \$ 158,913 | \$ - | \$ 17,853 | \$ 141,060 | \$ 18,393 |
| Vehicle loan payable | - | 24,491 | - | 24,491 | 7,850 |
| Equipment loan payable | 69,669 | - | 16,803 | 52,866 | 17,237 |
| Compensated absences | 47,372 | 3,065 | - | 50,437 | 50,437 |
| Total pension liability (LEO) | 202,902 | 47,176 | - | 250,078 | - |
| Total OPEB liability | 26,627 | - | 3,687 | 22,940 | - |
| Net pension liability (LGERS) | 137,150 | - | 37,581 | 99,569 | - |
| Total governmental activity long-term liabilities | <u>\$ 642,633</u> | <u>\$ 74,732</u> | <u>\$ 75,924</u> | <u>\$ 641,441</u> | <u>\$ 93,917</u> |
| Business-Type Activities: | | | | | |
| General obligation bonds | \$ 138,000 | \$ - | \$ 13,000 | \$ 125,000 | \$ 13,000 |
| Loan agreement | 190,500 | - | 27,214 | 163,286 | 27,214 |
| Vehicle loan payable | 55,000 | - | 7,145 | 47,855 | 7,857 |
| Equipment loan payable | 69,669 | - | 16,803 | 52,866 | 17,237 |
| Water meter project | 350,000 | - | 42,912 | 307,088 | 47,771 |
| Compensated absences | 31,458 | - | 3,383 | 28,075 | 28,075 |
| Total OPEB liability | 8,875 | - | 1,229 | 7,646 | - |
| Net pension liability (LGERS) | 46,855 | - | 13,665 | 33,190 | - |
| Total business-type activity long-term liabilities | <u>\$ 890,357</u> | <u>\$ -</u> | <u>\$ 125,351</u> | <u>\$ 765,006</u> | <u>\$ 141,154</u> |

At June 30, 2018, the Town had a legal debt margin available of \$9,410,779.

Interfund Balances and Activity

Balances due to/from other funds at June 20, 2018, consist of the following:

| | |
|--|-----------------|
| Due to Water and Sewer Fund from General Fund for cash advances | <u>\$ 3,268</u> |
|--|-----------------|

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.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Net Investment in Capital Assets

| | <u>Governmental</u> | <u>Business-Type</u> |
|----------------------------------|---------------------|----------------------|
| Capital assets | \$ 2,078,352 | \$ 6,139,327 |
| Less: long-term debt | 218,417 | 696,095 |
| Net investment in capital assets | <u>\$ 1,859,935</u> | <u>\$ 5,443,232</u> |

Fund Balances

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 | \$ 847,115 |
| Less: | |
| Stabilization by State Statute | 395,887 |
| Streets - Powell Bill | 139,035 |
| Appropriated Fund Balance in 2019 budget | - |
| Remaining Fund Balance | <u>\$ 312,193</u> |

NOTE 3 - JOINTLY GOVERNED ORGANIZATIONS

The Town, in conjunction with twelve counties and sixty other municipalities established the Piedmont Triad Regional Council. The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$757 to the Council during the fiscal year ended June 30, 2018.

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 granter 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 – GRANT REPAYMENT RECEIVABLE AND PAYABLE

In prior years, the Town served as a conduit for a flow through grant to a third party.

In a prior year, the Town was advised that the third party failed its baseline employment goal and therefore is required to repay \$337,172 over 4 years to the granter. \$84,293 of this amount was repaid by the third party to the Town and the Town remitted same to the granter leaving \$252,878 outstanding at June 30, 2018. The outstanding balance is reflected in the financial statements in accordance with the repayment document which requires a payment in full on June 30, 2018. No payments were made in the current year.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Notes to Financial Statements

NOTE 5 – GRANT REPAYMENT RECEIVABLE AND PAYABLE (Continued)

During the year, a Promissory Note and Deed of Trust on the third-party property in the amount of \$252,878 was established to collateralize the balance of the obligation. The Town and the Department of Commerce are co-beneficiaries of both the Promissory Note and the Deed of Trust. The property is to be marketed, and when it is sold, the Note will be paid off with the NC Department of Commerce receiving the funds and the Town therefore would be released from its repayment obligation to the NC Department of Commerce.

In the opinion of the Town's management this repayment will occur as described and the ultimate effect of these matters will not have a material effect on the Town's net position.

NOTE 6 – CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 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 \$26,267, and \$8,875 for the business-type activities.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Proportionate Share of Net Pension Liability (Asset)
Local Government Employees' Retirement System
Required Supplementary Information
Last Five Fiscal Years

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------|---------------|---------------|---------------|
| Proportion of the net pension liability (asset) (%) | 0.00869% | .00867% | 0.01213% | 0.01217% |
| Proportion of the net pension liability (asset) (\$) | \$ 132,759 | \$ 184,006 | \$ 54,439 | \$ (71,772) |
| Covered-employee payroll | 666,276 | 631,972 | 722,998 | 732,684 |
| Proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll | 19.93% | 29.12% | 7.53% | -9.80% |
| Plan fiduciary net position as a percentage of the total pension liability | 0.00% | 91.47% | 98.09% | 102.64% |
| Contributions | | | | |
| Contractually required contribution | \$ 31,742 | \$ 50,736 | \$ 43,857 | \$ 52,139 |
| Contributions in relation to the contractually required contribution | <u>31,742</u> | <u>50,736</u> | <u>43,857</u> | <u>52,139</u> |
| Contributions deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-employee payroll | \$ 729,844 | \$ 666,276 | \$ 631,972 | \$ 722,998 |
| Contributions as a percentage of covered-employee payroll | 4.35% | 7.61% | 6.94% | 7.21% |

Exhibit 12

2014

0.01180%

\$ 142,235

716,954

19.84%

94.35%

\$ 52,433

52,433

\$ -

\$ 732,684

7.16%

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Schedule of Changes in Total Pension Liability
Required Supplementary Information
June 30, 2018

Exhibit 13

| | <u>2018</u> |
|---|-------------------|
| Beginning balance | \$ 202,902 |
| Service cost | 6,645 |
| Interest on the total pension liability | 7,520 |
| Changes of benefit terms | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 39,139 |
| Changes of assumptions or other inputs | 10,021 |
| Benefit payments | (16,149) |
| Other changes | - |
| Ending balance of the total pension liability | <u>\$ 250,078</u> |

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

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Required Supplementary Information
June 30, 2018

Exhibit 14

| | <u>2018</u> |
|--|-------------|
| Total pension liability | \$ 250,078 |
| Covered payroll | 279,200 |
| Total pension liability as a percentage of covered payroll | 89.57% |

Notes to the Schedules:

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

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2018

Statement 1
Page 1 of 4

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---------------------------------|-------------------|------------------|---|
| Revenues: | | | |
| Ad valorem taxes: | | | |
| Taxes | | \$ 821,588 | |
| Interest | | 4,716 | |
| Total | <u>\$ 816,500</u> | <u>826,304</u> | <u>\$ 9,804</u> |
| Unrestricted intergovernmental: | | | |
| Local option sales taxes | | 432,867 | |
| Controlled substance tax | | - | |
| Utilities sales tax | | 113,399 | |
| Beer and wine tax | | 6,771 | |
| Court fees and charges | | 487 | |
| Total | <u>565,800</u> | <u>553,524</u> | <u>(12,276)</u> |
| Restricted intergovernmental: | | | |
| Powell Bill allocation | | 44,449 | |
| ABC revenue for law enforcement | | 2,324 | |
| Solid waste disposal tax | | 1,025 | |
| Grant income | | 1,887 | |
| Total | <u>44,860</u> | <u>49,685</u> | <u>4,825</u> |
| Permits and fees: | | | |
| Inspection and zoning | | 4,560 | |
| Total | <u>4,190</u> | <u>4,560</u> | <u>370</u> |
| Miscellaneous: | | | |
| Cemetery income | | 13,900 | |
| Rental income | | 12,133 | |
| Sanitation fees | | 68,235 | |
| Miscellaneous | | 45,858 | |
| Total | <u>258,450</u> | <u>140,126</u> | <u>(118,324)</u> |
| Investment earnings | <u>6,230</u> | <u>8,204</u> | <u>1,974</u> |
| Total Revenues | <u>1,696,030</u> | <u>1,582,403</u> | <u>(113,627)</u> |
| Expenditures: | | | |
| General government: | | | |
| Governing body: | | | |
| Salaries and employee benefits | | 18,654 | |
| Other operating expenditures | | 44,501 | |
| Total | | <u>63,155</u> | |

(Continued)

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund (Continued)
Year Ended June 30, 2018

Statement 1
Page 2 of 4

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|----------------------------------|----------------|----------------|---|
| Expenditures (Continued): | | | |
| General government (Continued): | | | |
| Administration: | | | |
| Salaries and employee benefits | | \$ 173,955 | |
| Professional services | | 25,786 | |
| Supplies | | 22,103 | |
| Travel and training | | 11,746 | |
| Postage | | 750 | |
| Utilities | | 8,588 | |
| Maintenance and repairs | | 16,396 | |
| Advertising | | 107 | |
| Contracted services | | 16,005 | |
| Insurance and bonds | | 6,000 | |
| Dues and subscriptions | | 2,515 | |
| Miscellaneous | | 1,817 | |
| Total | | <u>285,768</u> | |
| Total general government | <u>409,130</u> | <u>348,923</u> | <u>(60,207)</u> |
| Public Safety: | | | |
| Police department: | | | |
| Salaries and employee benefits | | 546,979 | |
| Supplies | | 16,796 | |
| Uniforms | | 5,347 | |
| Automotive supplies | | 15,359 | |
| Travel and training | | 2,665 | |
| Telephone and postage | | 7,948 | |
| Utilities | | 5,095 | |
| Maintenance and repairs | | 26,329 | |
| Contracted services | | 8,077 | |
| Insurance and bonds | | 15,518 | |
| Dues and subscription | | 811 | |
| Miscellaneous | | 1,100 | |
| Total | | <u>652,024</u> | |
| Rescue squad: | | | |
| Contributions | | 10,000 | |
| Total | | <u>10,000</u> | |
| Total public safety | <u>608,370</u> | <u>662,024</u> | <u>53,654</u> |

(Continued)

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund (Continued)
Year Ended June 30, 2018

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|----------------------------------|----------------|----------------|---|
| Expenditures (Continued): | | | |
| Transportation: | | | |
| Public works: | | | |
| Salaries and employee benefits | | \$ 29,959 | |
| Supplies | | 12,852 | |
| Training and travel | | 18 | |
| Utilities | | 38,983 | |
| Maintenance and repairs | | 14,248 | |
| Contracted services | | 6,602 | |
| Insurance | | 11,800 | |
| Rents | | 3,454 | |
| Miscellaneous | | 4,669 | |
| Capital outlay | | 26,677 | |
| Total transportation | <u>216,890</u> | <u>149,262</u> | <u>(67,628)</u> |
| Pilot Center: | | | |
| Utilities | | 13,021 | |
| Maintenance and repairs | | 8,367 | |
| Contracted services | | 19,819 | |
| Total Pilot Center | <u>43,390</u> | <u>41,207</u> | <u>(2,183)</u> |
| Economic development: | | | |
| Salaries and employee benefits | | 10,015 | |
| Contracted services | | 21,264 | |
| Professional services | | 8,944 | |
| Miscellaneous | | 24,270 | |
| Capital outlay | | 18,803 | |
| Total economic development | <u>4,884</u> | <u>83,296</u> | <u>78,412</u> |
| Environmental protection: | | | |
| Sanitation: | | | |
| Salaries and employee benefits | | 116,585 | |
| Supplies | | 2,799 | |
| Utilities | | 2,222 | |
| Maintenance and repairs | | 6,411 | |
| Telephone | | 99 | |
| Contracted services | | 88,529 | |
| Miscellaneous | | 10,203 | |
| Capital outlay | | 24,491 | |
| Total | | <u>251,339</u> | |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund (Continued)
Year Ended June 30, 2018

Statement 1
Page 4 of 4

| | <u>Budget</u> | <u>Actual</u> | Variance Positive (Negative) |
|--|------------------|-------------------|------------------------------------|
| Expenditures (Continued): | | | |
| Total environmental protection | \$ 241,520 | \$ 251,339 | \$ 9,819 |
| Cultural and recreation: | | | |
| Library: | | | |
| Contributions | | 34,500 | |
| Maintenance and repairs | | 27,616 | |
| Total cultural and recreation | <u>102,836</u> | <u>62,116</u> | <u>(40,720)</u> |
| Debt service: | | | |
| Principal | | 34,656 | |
| Interest and other charges | | 6,149 | |
| Total debt service | <u>40,810</u> | <u>40,805</u> | <u>(5)</u> |
| Contingency | <u>41,730</u> | - | <u>(41,730)</u> |
| Total expenditures | <u>1,709,560</u> | <u>1,638,972</u> | <u>(124,242)</u> |
| Revenue over (under) expenditures | <u>(13,530)</u> | <u>(56,569)</u> | <u>(237,869)</u> |
| Other financing sources (uses): | | | |
| Issuance of debt | - | 24,491 | 24,491 |
| Transfers to other funds | (64,620) | (34,611) | 30,009 |
| Sale of capital assets | (86,000) | 8,600 | 94,600 |
| Total other financing sources (uses) | <u>(150,620)</u> | <u>(1,520)</u> | <u>149,100</u> |
| Fund balance appropriated | <u>164,150</u> | - | <u>(164,150)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>(58,089)</u> | <u>\$ (252,919)</u> |
| Fund balances, beginning | | <u>905,204</u> | |
| Fund balances, ending | | <u>\$ 847,115</u> | |

Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual (Non-GAAP) - Capital Projects Fund - Landfill Rehabilitation Project

From Inception and for the Fiscal Year Ended June 30, 2018

| | Project Authorization | Prior Years | Actual Current Year | Total to Date | Variance Positive (Negative) |
|-------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------------------|
| Revenues: | | | | | |
| Restricted intergovernmental: | | | | | |
| Division of Waste Management | | | | | |
| grant | \$ 93,554 | \$ - | \$ 34,904 | \$ 34,904 | \$ (58,650) |
| Total revenues | <u>93,554</u> | <u>-</u> | <u>34,904</u> | <u>34,904</u> | <u>(58,650)</u> |
| Expenditures: | | | | | |
| Capital outlay | 93,554 | - | 35,099 | 35,099 | (58,455) |
| Total expenditures | <u>93,554</u> | <u>-</u> | <u>35,099</u> | <u>35,099</u> | <u>(58,455)</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | (195) | <u>\$ (195)</u> | <u>\$ (195)</u> |
| Fund balances, beginning | | | <u>-</u> | | |
| Fund balances, ending | | | <u>\$ (195)</u> | | |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Non-GAAP) - Water and Sewer Fund
Year Ended June 30, 2018

Statement 3
Page 1 of 3

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|----------------------------|----------------|----------------|---|
| Revenues: | | | |
| Water sales | \$ 480,840 | \$ 454,681 | \$ (26,159) |
| Sewer charges | 322,435 | 358,878 | 36,443 |
| Water and sewer taps | 10,000 | 14,982 | 4,982 |
| Other operating revenues | 76,930 | 6,661 | (70,269) |
| Total operating revenues | <u>890,205</u> | <u>835,202</u> | <u>(55,003)</u> |
| Total revenues | <u>890,205</u> | <u>835,202</u> | <u>(55,003)</u> |
| Expenditures: | | | |
| Sewer department: | | | |
| Professional services | | 7,210 | |
| Utilities | | 52,886 | |
| Maintenance and repairs | | 5,912 | |
| Chemicals | | 6,002 | |
| Supplies | | 2,111 | |
| Contracted services | | 83,345 | |
| Insurance and bonds | | 5,000 | |
| Miscellaneous | | 33,511 | |
| Total sewer department | | <u>195,977</u> | |
| Water administration: | | | |
| Salaries and benefits | | 66,130 | |
| Professional services | | 16,301 | |
| Utilities | | 1,035 | |
| Supplies | | 3,040 | |
| Insurance and bonds | | 7,710 | |
| Miscellaneous | | 16,014 | |
| Total water administration | | <u>110,230</u> | |

(Continued)

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Non-GAAP) - Water and Sewer Fund (Continued)
Year Ended June 30, 2018

Statement 3
Page 2 of 3

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--------------------------------|------------------|-----------------|---|
| Sewer treatment: | | | |
| Salaries and employee benefits | | \$ 124,228 | |
| Professional services | | 7,718 | |
| Utilities | | 44,344 | |
| Maintenance and repairs | | 10,158 | |
| Chemicals | | 15,667 | |
| Supplies | | 1,510 | |
| Contracted services | | 4,160 | |
| Insurance and bonds | | 3,290 | |
| Miscellaneous | | 6,319 | |
| Total sewer treatment | | <u>217,394</u> | |
| Line maintenance: | | | |
| Salaries and employee benefits | | 89,342 | |
| Professional services | | 1,800 | |
| Utilities | | 924 | |
| Maintenance and repairs | | 23,728 | |
| Supplies | | 16,198 | |
| Contracted services | | 5,111 | |
| Insurance and bonds | | 2,545 | |
| Miscellaneous | | 10,584 | |
| Total line maintenance | | <u>150,232</u> | |
| Debt service: | | | |
| Interest and other charges | | 31,113 | |
| Principal retirement | | 107,074 | |
| Total debt service | | <u>138,187</u> | |
| Capital outlay: | | | |
| Capital outlay | | <u>63,856</u> | |
| Total capital outlay | | <u>63,856</u> | |
| Total expenditures | <u>1,041,840</u> | <u>875,876</u> | <u>165,964</u> |
| Revenues under expenditures | <u>(151,635)</u> | <u>(40,674)</u> | <u>110,961</u> |

(Continued)

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Non-GAAP) - Water and Sewer Fund (Continued)
Year Ended June 30, 2018

Statement 3
Page 3 of 3

| | Budget | Actual | Variance Positive (Negative) |
|--|----------------|---------------------|------------------------------------|
| Other financing sources (uses): | | | |
| Transfers from other funds | \$ 55,000 | \$ 24,990 | \$ (30,010) |
| Issuance of debt | - | - | - |
| Sale of capital assets | - | 497 | 497 |
| Transfers to other funds | (35,871) | (91,421) | (55,550) |
| Total other financing sources | <u>19,129</u> | <u>(65,934)</u> | <u>(85,063)</u> |
| Fund balance appropriated | <u>132,506</u> | <u>-</u> | <u>(132,506)</u> |
| Revenues and other sources over (under) expenditures and other uses | <u>\$ -</u> | <u>\$ (106,608)</u> | <u>\$ (106,608)</u> |
| Reconciliation from budgetary basis (modified accrual) to full accrual: | | | |
| Reconciling items: | | | |
| Principal retirement | | 107,074 | |
| Capital project fund expenditures | | (207,805) | |
| Capital outlay | | 202,893 | |
| Transfers to capital project funds | | 9,621 | |
| Transfers from capital project funds | | 91,421 | |
| Investment fees from capital project funds | | 33,126 | |
| Depreciation | | (376,715) | |
| Increases in receivables | | 56,044 | |
| Decrease in accounts payable and accrued expenses | | (25,930) | |
| Increase in accrued vacation pay | | 3,383 | |
| Decrease in deferred outflows of resources - pensions | | (18,050) | |
| Increase in deferred inflows of resources - pensions | | 1,595 | |
| Increase in net pension liability | | 13,665 | |
| Capital contributions | | 98,100 | |
| Total reconciling items | | <u>(11,578)</u> | |
| Change in net position | | <u>\$ (118,186)</u> | |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Non-GAAP) - Capital Projects Fund - Water Meter
From Inception and for the Fiscal Year Ended June 30, 2018

Statement 4

| | Project Authorization | Prior Years | Actual Current Year | Total to Date | Variance Positive (Negative) |
|--|--------------------------|-------------------|---------------------------|------------------|------------------------------------|
| Revenues: | | | | | |
| Surry County grant | \$ 125,000 | \$ 125,000 | \$ - | \$ 125,000 | \$ - |
| Total revenues | <u>125,000</u> | <u>125,000</u> | <u>-</u> | <u>125,000</u> | <u>-</u> |
| Expenditures: | | | | | |
| Capital outlay | 473,550 | 351,015 | 126,130 | 477,145 | 3,595 |
| Total expenditures | <u>473,550</u> | <u>351,015</u> | <u>126,130</u> | <u>477,145</u> | <u>3,595</u> |
| Other financing sources: | | | | | |
| Transfers from other funds: | | | | | |
| Water and sewer fund | 12,235 | 12,235 | - | 12,235 | - |
| Loan proceeds | 336,315 | 350,000 | - | 350,000 | 13,685 |
| Total other financing sources | <u>348,550</u> | <u>362,235</u> | <u>-</u> | <u>362,235</u> | <u>13,685</u> |
| Revenues and other financing sources over (under) expenditures | <u>\$ -</u> | <u>\$ 136,220</u> | <u>\$ (126,130)</u> | <u>\$ 10,090</u> | <u>\$ 10,090</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Statement 5

Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual (Non-GAAP) - Capital Projects Fund - Water/Sewer Interconnection/

Regionalization Study

From Inception and for the Fiscal Year Ended June 30, 2018

| | Project Authorization | Prior Years | Actual Current Year | Total to Date | Variance Positive (Negative) |
|-------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------------------|
| Revenues: | | | | | |
| Restricted intergovernmental: | | | | | |
| State grants | \$ 100,000 | \$ 37,000 | \$ 98,100 | \$ 135,100 | \$ 35,100 |
| Total revenues | <u>100,000</u> | <u>37,000</u> | <u>98,100</u> | <u>135,100</u> | <u>35,100</u> |
| Expenditures: | | | | | |
| Capital outlay | <u>100,000</u> | <u>37,000</u> | <u>77,900</u> | <u>114,900</u> | <u>14,900</u> |
| Total expenditures | <u>100,000</u> | <u>37,000</u> | <u>77,900</u> | <u>114,900</u> | <u>14,900</u> |
| Revenues over expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 20,200</u> | <u>\$ 20,200</u> | <u>\$ 20,200</u> |

Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual (Non-GAAP) - Capital Projects Fund - Lola Lane Sewer Repair Project

From Inception and for the Fiscal Year Ended June 30, 2018

| | Project Authorization | Prior Years | Actual Current Year | Total to Date | Variance Positive (Negative) |
|--|--------------------------|----------------|---------------------------|------------------|------------------------------------|
| Expenditures: | | | | | |
| Capital outlay | \$ 64,050 | \$ - | \$ 3,775 | \$ 3,775 | \$ (60,275) |
| Total expenditures | <u>64,050</u> | <u>-</u> | <u>3,775</u> | <u>3,775</u> | <u>(60,275)</u> |
| Other financing sources: | | | | | |
| Transfers from other funds: | | | | | |
| General fund | 9,620 | - | 9,621 | 9,621 | 1 |
| Water and sewer fund | <u>54,430</u> | <u>-</u> | <u>54,990</u> | <u>54,990</u> | <u>560</u> |
| Total other financing sources | <u>64,050</u> | <u>-</u> | <u>64,611</u> | <u>64,611</u> | <u>561</u> |
| Other financing sources over expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 60,836</u> | <u>\$ 60,836</u> | <u>\$ 60,836</u> |

Schedule of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual (Non-GAAP) - Capital Projects Fund - Water and Sewer Infrastructure

From Inception and for the Fiscal Year Ended June 30, 2018

| | Project Authorization | Prior Years | Actual | | Variance Positive (Negative) |
|--|--------------------------|----------------|-----------------|------------------|------------------------------------|
| | | | Current Year | Total to Date | |
| Other financing sources: | | | | | |
| Infrastructure fees | \$ - | \$ - | \$ 33,126 | \$ 33,126 | \$ 66,252 |
| Transfers from other funds: | | | | | |
| Water and sewer fund | - | - | 36,431 | 36,431 | 36,431 |
| Total other financing sources | - | - | 69,557 | 69,557 | 69,557 |
| Other financing sources over expenditures | \$ - | \$ - | \$ 69,557 | \$ 69,557 | \$ 69,557 |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Combining Statement of Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2018

Statement 8

| | Mount Pilot Now Agency Fund | Pilot Mountain Area Business Association Committee Agency Fund | Total |
|---------------------------|-----------------------------------|--|------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 17,243 | \$ 940 | \$ 18,183 |
| Total assets | <u>\$ 17,243</u> | <u>\$ 940</u> | <u>\$ 18,183</u> |
| Liabilities | | | |
| Liabilities: | | | |
| Intergovernmental payable | \$ 17,243 | \$ 940 | \$ 18,183 |
| Total liabilities | <u>\$ 17,243</u> | <u>\$ 940</u> | <u>\$ 18,183</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Statement of Changes in Assets and Liabilities
Mount Pilot Now Agency Fund
Year Ended June 30, 2018

Statement 9

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> |
|---------------------------|------------------------------|------------------|-------------------|---------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 17,668 | \$ 54,282 | \$ 54,707 | \$ 17,243 |
| Total assets | <u>\$ 17,668</u> | <u>\$ 54,282</u> | <u>\$ 54,707</u> | <u>\$ 17,243</u> |
| Liabilities | | | | |
| Liabilities: | | | | |
| Intergovernmental payable | \$ 17,668 | \$ 54,282 | \$ 54,707 | \$ 17,243 |
| Total liabilities | <u>\$ 17,668</u> | <u>\$ 54,282</u> | <u>\$ 54,707</u> | <u>\$ 17,243</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Statement of Changes in Assets and Liabilities
Mount Pilot Area Business Association Committee Agency Fund
Year Ended June 30, 2018

Statement 10

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> |
|---------------------------|------------------------------|------------------|-------------------|---------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 850 | \$ 475 | \$ 385 | \$ 940 |
| Total assets | <u>\$ 850</u> | <u>\$ 475</u> | <u>\$ 385</u> | <u>\$ 940</u> |
| Liabilities | | | | |
| Liabilities: | | | | |
| Intergovernmental payable | \$ 850 | \$ 475 | \$ 385 | \$ 940 |
| Total liabilities | <u>\$ 850</u> | <u>\$ 475</u> | <u>\$ 385</u> | <u>\$ 940</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Statement 11

Schedule of Revenues, Expenditures

Budget and Actual (Non-GAAP) - Pilot Mountain Tourism Development Authority

Year Ended June 30, 2018

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|----------------------------|---------------|-----------------|---|
| Revenues | \$ 38,800 | \$ 32,586 | \$ (6,214) |
| Expenditures: | | | |
| Economic development | <u>38,800</u> | <u>28,929</u> | <u>9,871</u> |
| Revenues over expenditures | <u>\$ -</u> | <u>\$ 3,657</u> | <u>\$ 3,657</u> |

OTHER SCHEDULES

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Schedule 1

General Fund

Schedule of Ad Valorem Taxes Receivable

June 30, 2018

| Fiscal Year | Uncollected Balance June 30, 2017 | Additions | Collections, and Credits | Uncollected Balance June 30, 2018 |
|---|---|------------|-----------------------------|---|
| 2017-2018 | \$ - | \$ 815,180 | \$ 805,916 | \$ 9,264 |
| 2016-2017 | 7,347 | - | 3,936 | 3,411 |
| 2015-2016 | 2,657 | - | 905 | 1,752 |
| 2014-2015 | 1,942 | - | 28 | 1,914 |
| 2013-2014 | 1,650 | - | 67 | 1,583 |
| 2012-2013 | 993 | - | 22 | 971 |
| 2011-2012 | 1,525 | - | 62 | 1,463 |
| 2010-2011 | 2,629 | - | (50) | 2,679 |
| 2009-2010 | 2,236 | - | - | 2,236 |
| 2008-2009 | 2,529 | - | 147 | 2,382 |
| 2007-2008 | 1,257 | - | 1,257 | - |
| Total | \$ 24,765 | \$ 815,180 | \$ 812,290 | 27,655 |
| Less: allowance for uncollectible accounts: | | | | |
| General Fund | | | | 24,849 |
| Ad valorem taxes receivable - net | | | | \$ 2,806 |
| <u>Reconciliation with revenues:</u> | | | | |
| Ad valorem taxes - general fund | | | | \$ 826,304 |
| Reconciling items: | | | | |
| Interest collected | | | | (15,271) |
| Taxes written off | | | | 1,257 |
| Total collections and credits | | | | \$ 812,290 |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Analysis of Current Year Tax Levy
Town - Wide Levy
June 30, 2018

Schedule 2

| | Town-wide | | | Total Levy | |
|---|-------------------------------------|--------|-------------------|--|---------------------------|
| | Property Valuation (in Thousand) | Rate | Amount of Levy | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy: | | | | | |
| Property taxes at current year rate | \$ 129,066,140 | 0.5700 | \$ 735,677 | \$ 735,677 | \$ - |
| Motor vehicles | 23,949,123 | 0.5700 | 68,255 | | 68,255 |
| Penalties | | 0.5700 | 8,551 | 8,298 | 253 |
| Discoveries: | | | | | |
| Current year taxes | 473,158 | 0.5700 | 2,697 | 2,697 | - |
| Total property value | <u>\$ 153,488,421</u> | | | | |
| Net levy | | | <u>815,180</u> | <u>746,672</u> | <u>68,508</u> |
| Unpaid (by taxpayer) taxes at June 30, 2018 | | | <u>9,264</u> | <u>6,230</u> | <u>3,034</u> |
| Current year's taxes collected | | | <u>\$ 805,916</u> | <u>\$ 740,442</u> | <u>\$ 65,474</u> |
| Current levy collection percentage | | | <u>98.86%</u> | <u>99.17%</u> | <u>95.57%</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2018

STATISTICAL SECTION

Statistical Section Table of Contents

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

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its income taxes and electric revenues.

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2009 | 2010 | 2011 | 2012 |
|---|---------------------|---------------------|---------------------|---------------------|
| Governmental activities | | | | |
| Invested in capital assets, net of related debt | \$ 1,231,315 | \$ 1,837,581 | \$ 1,789,771 | \$ 1,812,725 |
| Restricted | 83,336 | 85,255 | 161,862 | 239,065 |
| Unrestricted | 675,230 | 429,822 | 61,180 | 108,838 |
| Total governmental activities net assets | <u>\$ 1,989,881</u> | <u>\$ 2,352,658</u> | <u>\$ 2,012,813</u> | <u>\$ 2,160,628</u> |
| Business-type activities | | | | |
| Invested in capital assets, net of related debt | \$ 6,767,837 | \$ 6,702,591 | \$ 6,502,235 | \$ 6,303,893 |
| Unrestricted | 361,311 | 192,542 | 159,221 | 167,185 |
| Total business-type activities net assets | <u>\$ 7,129,148</u> | <u>\$ 6,895,133</u> | <u>\$ 6,661,456</u> | <u>\$ 6,471,078</u> |
| Primary Government | | | | |
| Invested in capital assets, net of related debt | \$ 7,999,152 | \$ 8,540,172 | \$ 8,292,006 | \$ 8,116,618 |
| Restricted | 83,336 | 85,255 | 161,862 | 239,065 |
| Unrestricted | 1,036,541 | 622,364 | 220,401 | 276,023 |
| Total Primary Government | <u>\$ 9,119,029</u> | <u>\$ 9,247,791</u> | <u>\$ 8,674,269</u> | <u>\$ 8,631,706</u> |

Fiscal Year Ending June 30,

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 2,021,994 | \$ 1,929,611 | \$ 1,914,776 | \$ 1,879,692 | \$ 1,900,642 | \$ 1,859,935 |
| 186,164 | 270,402 | 280,387 | 286,989 | 271,660 | 534,922 |
| 167,774 | 214,467 | 332,176 | 547,764 | 380,967 | 8,524 |
| <u>\$ 2,375,932</u> | <u>\$ 2,414,480</u> | <u>\$ 2,527,339</u> | <u>\$ 2,714,445</u> | <u>\$ 2,553,269</u> | <u>\$ 2,403,381</u> |
| | | | | | |
| \$ 6,111,527 | \$ 5,967,434 | \$ 5,827,035 | \$ 5,684,435 | \$ 5,509,980 | \$ 5,443,232 |
| 117,284 | 22,477 | (9,995) | 160,684 | 273,963 | 213,650 |
| <u>\$ 6,228,811</u> | <u>\$ 5,989,911</u> | <u>\$ 5,817,040</u> | <u>\$ 5,845,119</u> | <u>\$ 5,783,943</u> | <u>\$ 5,656,882</u> |
| | | | | | |
| \$ 8,133,521 | \$ 7,897,045 | \$ 7,741,811 | \$ 7,564,127 | \$ 7,410,622 | \$ 7,303,167 |
| 186,164 | 270,402 | 280,387 | 286,989 | 271,660 | 534,922 |
| 285,058 | 236,944 | 322,181 | 708,448 | 654,930 | 222,174 |
| <u>\$ 8,604,743</u> | <u>\$ 8,404,391</u> | <u>\$ 8,344,379</u> | <u>\$ 8,559,564</u> | <u>\$ 8,337,212</u> | <u>\$ 8,060,263</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

| | 2009 | 2010 | 2011 | 2012 |
|---|---------------------|---------------------|---------------------|---------------------|
| Expenses | | | | |
| Governmental activities | | | | |
| General Government | \$ 348,532 | \$ 418,362 | \$ 421,182 | \$ 361,620 |
| Public Safety | 665,507 | 640,018 | 696,956 | 629,858 |
| Transportation | 305,672 | 338,913 | 354,102 | 282,684 |
| Economic Development | 34,140 | 29,759 | 27,604 | 27,685 |
| Pilot Center | 23,135 | 55,447 | 113,244 | 84,376 |
| Environmental Protection | 67,812 | 67,981 | 59,614 | 77,323 |
| Culture and Recreation | 48,760 | 48,287 | 59,248 | 28,774 |
| Interest on Long Term Debt | 2,025 | 8,303 | 7,884 | 7,443 |
| Total governmental activities expenses | <u>1,495,583</u> | <u>1,607,070</u> | <u>1,739,834</u> | <u>1,499,763</u> |
| Business-type activities: | | | | |
| Water and Sewer | 835,166 | 872,963 | 847,063 | 765,629 |
| Total business-type activities expense | <u>835,166</u> | <u>872,963</u> | <u>847,063</u> | <u>765,629</u> |
| | | | | |
| Total Primary Government | <u>\$ 2,330,749</u> | <u>\$ 2,480,033</u> | <u>\$ 2,586,897</u> | <u>\$ 2,265,392</u> |
| Program Revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General Government | \$ - | \$ - | \$ - | \$ - |
| Public Safety | - | - | - | - |
| Environmental Protection | - | - | - | - |
| Operating grants and contributions | 43,728 | 43,113 | 46,834 | 43,812 |
| Capital grants and contributions | 369,684 | 503,949 | - | 104,925 |
| Total governmental activities program revenues | <u>413,412</u> | <u>547,062</u> | <u>46,834</u> | <u>148,737</u> |
| Business-type activities: | | | | |
| Charges for services | | | | |
| Water and Sewer | 536,810 | 554,542 | 596,950 | 629,652 |
| Operating grants and contributions | - | 50,000 | - | - |
| Capital grants and contributions | 21,450 | 19,795 | - | - |
| Total business type activities program revenues | <u>558,260</u> | <u>624,337</u> | <u>596,950</u> | <u>629,652</u> |
| | | | | |
| Total Governmental activities program revenues | <u>\$ 971,672</u> | <u>\$ 1,171,399</u> | <u>\$ 643,784</u> | <u>\$ 778,389</u> |

| Fiscal Year Ending June 30, | | | | | |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ 832,685 | \$ 381,424 | \$ 321,533 | \$ 422,306 | \$ 372,078 | \$ 378,451 |
| 653,828 | 668,266 | 626,299 | 582,852 | 591,812 | 703,164 |
| 385,097 | 220,711 | 68,340 | 164,143 | 177,483 | 148,096 |
| 31,697 | 32,188 | 39,580 | 14,632 | 42,861 | 64,493 |
| 61,290 | 45,123 | 60,898 | 51,022 | 96,797 | 79,503 |
| 70,602 | 80,813 | 188,569 | 186,786 | 208,938 | 269,913 |
| 47,532 | 52,940 | 61,826 | 38,011 | 35,011 | 62,116 |
| 6,988 | 7,258 | 6,643 | 302 | 1,765 | 6,149 |
| <u>2,089,719</u> | <u>1,488,723</u> | <u>1,373,688</u> | <u>1,460,054</u> | <u>1,526,745</u> | <u>1,711,885</u> |
| | | | | | |
| 836,773 | 940,407 | 924,692 | 991,428 | 994,305 | 1,175,766 |
| <u>836,773</u> | <u>940,407</u> | <u>924,692</u> | <u>991,428</u> | <u>994,305</u> | <u>1,175,766</u> |
| | | | | | |
| <u>\$ 2,926,492</u> | <u>\$ 2,429,130</u> | <u>\$ 2,298,380</u> | <u>\$ 2,451,482</u> | <u>\$ 2,521,050</u> | <u>\$ 2,887,651</u> |
| | | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 76,451 |
| - | 1,666 | - | 14,297 | 4,500 | 2,324 |
| - | - | - | - | - | 69,260 |
| 476,846 | 46,304 | 49,624 | 45,507 | 44,764 | 44,449 |
| 373,777 | 16,299 | - | - | - | 34,904 |
| <u>850,623</u> | <u>64,269</u> | <u>49,624</u> | <u>59,804</u> | <u>49,264</u> | <u>227,388</u> |
| | | | | | |
| 654,054 | 706,157 | 717,668 | 811,284 | 854,528 | 891,246 |
| - | - | 26,481 | 138,180 | 37,000 | - |
| - | - | - | - | - | 98,100 |
| <u>654,054</u> | <u>706,157</u> | <u>744,149</u> | <u>949,464</u> | <u>891,528</u> | <u>989,346</u> |
| | | | | | |
| <u>\$ 1,504,677</u> | <u>\$ 770,426</u> | <u>\$ 793,773</u> | <u>\$ 1,009,268</u> | <u>\$ 940,792</u> | <u>\$ 1,216,734</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Changes in Net Position (Continued)

Last Ten Fiscal Years

(accrual basis of accounting)

| | 2009 | 2010 | 2011 | 2012 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (1,082,171) | \$ (1,060,008) | \$ (1,693,000) | \$ (1,351,026) |
| Business-type activities | (276,906) | (248,626) | (250,113) | (135,977) |
| Total Primary Government Expense | <u>\$ (1,359,077)</u> | <u>\$ (1,308,634)</u> | <u>\$ (1,943,113)</u> | <u>\$ (1,487,003)</u> |
| General Revenues and Other Changes in Net Assets | | | | |
| Governmental activities: | | | | |
| Taxes | \$ 777,120 | \$ 821,474 | \$ 817,466 | \$ 810,753 |
| Grants and unrestricted contributions | 394,929 | 379,789 | 395,383 | 454,147 |
| Gain (Loss) on Sale of Property | 33,965 | 139,958 | - | - |
| Investment earnings | 17,102 | 1,543 | 1,022 | 817 |
| Miscellaneous | 86,409 | 92,314 | 123,060 | 101,983 |
| Insurance Recovery | - | - | - | 60,000 |
| Forgiveness of Debt | - | - | - | - |
| Transfers In (Out) | - | - | - | 71,141 |
| Total governmental activities | <u>1,309,525</u> | <u>1,435,078</u> | <u>1,336,931</u> | <u>1,498,841</u> |
| Business-type activities: | | | | |
| Gain on sale of Property | 189,457 | - | - | - |
| Investment earnings | 2,579 | 181 | - | - |
| Miscellaneous | 13,274 | 14,430 | 16,436 | 16,740 |
| Transfers In (Out) | - | - | - | (71,141) |
| Total business-type activities | <u>205,310</u> | <u>14,611</u> | <u>16,436</u> | <u>(54,401)</u> |
| Total Primary Government | <u>\$ 1,514,835</u> | <u>\$ 1,449,689</u> | <u>\$ 1,353,367</u> | <u>\$ 1,444,440</u> |
| Change in Net Assets | | | | |
| Governmental activities | \$ 227,354 | \$ 375,070 | \$ (356,069) | \$ 147,815 |
| Business-type activities | (71,596) | (234,015) | (233,677) | (190,378) |
| Total Primary Government | <u>\$ 155,758</u> | <u>\$ 141,055</u> | <u>\$ (589,746)</u> | <u>\$ (42,563)</u> |

Fiscal Year Ending June 30,

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ (1,239,096) | \$ (1,424,454) | \$ (1,324,064) | \$ (1,400,250) | \$ (1,477,481) | \$ (1,484,497) |
| (182,719) | (234,250) | (180,543) | (41,964) | (102,777) | (186,420) |
| <u>\$ (1,421,815)</u> | <u>\$ (1,658,704)</u> | <u>\$ (1,504,607)</u> | <u>\$ (1,442,214)</u> | <u>\$ (1,580,258)</u> | <u>\$ (1,670,917)</u> |
| \$ 871,046 | \$ 868,266 | \$ 850,426 | \$ 811,741 | \$ 819,384 | \$ 823,632 |
| 461,624 | 456,610 | 510,625 | 545,111 | 545,974 | 555,411 |
| (74,105) | 3,720 | (1,097) | - | 16,693 | - |
| 1,299 | 919 | 913 | 672 | 2,333 | 8,204 |
| 119,841 | 114,087 | 141,264 | 224,617 | 138,494 | 8,600 |
| - | - | - | - | - | - |
| - | - | - | 34,121 | - | - |
| 74,695 | 19,400 | - | (29,106) | - | (34,611) |
| <u>1,454,400</u> | <u>1,463,002</u> | <u>1,502,131</u> | <u>1,587,156</u> | <u>1,522,878</u> | <u>1,361,236</u> |
| - | - | - | - | 32,710 | 497 |
| - | - | - | - | - | - |
| 15,147 | 14,750 | 32,466 | 40,937 | 8,891 | 33,126 |
| (74,695) | (19,400) | - | 29,106 | - | 34,611 |
| <u>(59,548)</u> | <u>(4,650)</u> | <u>32,466</u> | <u>70,043</u> | <u>41,601</u> | <u>68,234</u> |
| <u>\$ 1,394,852</u> | <u>\$ 1,458,352</u> | <u>\$ 1,534,597</u> | <u>\$ 1,657,199</u> | <u>\$ 1,564,479</u> | <u>\$ 1,429,470</u> |
| \$ 215,304 | \$ 38,548 | \$ 178,067 | \$ 186,906 | \$ 45,397 | \$ (123,261) |
| (242,267) | (238,900) | (148,077) | 28,079 | (61,176) | (118,186) |
| <u>\$ (26,963)</u> | <u>\$ (200,352)</u> | <u>\$ 29,990</u> | <u>\$ 214,985</u> | <u>\$ (15,779)</u> | <u>\$ (241,447)</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2009 | 2010 | 2011 | 2012 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund | | | | |
| Reserved | \$ 246,439 | \$ 409,943 | \$ 161,862 | \$ 204,087 |
| Assigned | - | - | - | - |
| Unreserved, Unassigned | 494,098 | 110,357 | 73,533 | 143,785 |
| Total general fund | <u>\$ 740,537</u> | <u>\$ 520,300</u> | <u>\$ 235,395</u> | <u>\$ 347,872</u> |
| All Other Governmental Funds | | | | |
| Reserved | \$ 10,006 | \$ 375,840 | \$ - | \$ 2,571 |
| Unreserved, reported in: | | | | |
| Special revenue fund | 2,287 | (352,255) | - | - |
| Capital projects fund | - | 564,277 | - | 32,407 |
| Debt service fund | - | 13,962 | - | - |
| Permanent fund | - | 3,422 | - | - |
| Total all other governmental funds | <u>\$ 12,293</u> | <u>\$ 605,246</u> | <u>\$ -</u> | <u>\$ 34,978</u> |

| Fiscal Year Ending June 30, | | | | | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ 121,695 | \$ 271,682 | \$ 282,223 | \$ 286,989 | \$ 271,660 | \$ 534,922 |
| - | 33,070 | - | - | - | - |
| 209,364 | 214,913 | 388,963 | 547,764 | 380,967 | 312,193 |
| <u>\$ 331,059</u> | <u>\$ 519,665</u> | <u>\$ 671,186</u> | <u>\$ 834,753</u> | <u>\$ 652,627</u> | <u>\$ 847,115</u> |
| \$ 8,137 | \$ 25,372 | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| 56,332 | (26,652) | (1,636) | (1,636) | 136,220 | (195) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>\$ 64,469</u> | <u>\$ (1,280)</u> | <u>\$ (1,636)</u> | <u>\$ (1,636)</u> | <u>\$ 136,220</u> | <u>\$ (195)</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | 2009 | 2010 | 2011 | 2012 |
|--|---------------------|---------------------|---------------------|-------------------|
| Revenues | | | | |
| Ad valorem taxes | \$ 777,320 | \$ 803,794 | \$ 774,958 | \$ 787,127 |
| Other taxes and licenses | 3,805 | 1,350 | 30,277 | 26,186 |
| Unrestricted intergovernmental revenues | 394,929 | 379,789 | 395,383 | 454,147 |
| Restricted intergovernmental revenues | 172,485 | 577,720 | 75,309 | 112,319 |
| Permits and Fees | 2,905 | 3,430 | 3,290 | 4,805 |
| Investment Earnings | 17,102 | 1,543 | 1,022 | 817 |
| Other Revenues | 78,048 | 86,635 | 88,622 | 71,829 |
| Total revenue | <u>1,446,594</u> | <u>1,854,261</u> | <u>1,368,861</u> | <u>1,457,230</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 492,468 | 388,850 | 394,999 | 335,084 |
| Public safety | 646,632 | 630,375 | 682,927 | 623,135 |
| Transportation | 339,717 | 403,333 | 319,522 | 259,845 |
| Pilot Center | 347,746 | 667,610 | 103,589 | 101,563 |
| Economic Development | - | 29,759 | 27,604 | 27,683 |
| Environmental Protection | 67,812 | 67,981 | 59,614 | 77,323 |
| Cultural and Recreation | 48,762 | 48,287 | 59,248 | 28,774 |
| Debt service: | | | | |
| Principal retirement | - | - | 14,494 | 14,932 |
| Interest and Fees | - | 8,303 | 7,993 | 7,555 |
| Total expenditures | <u>1,943,137</u> | <u>2,244,498</u> | <u>1,669,990</u> | <u>1,475,894</u> |
| Excess (Deficiency) of revenues over (under) expenditures | (496,543) | (390,237) | (301,129) | (18,664) |
| Other Financing sources (uses) | | | | |
| Proceeds from sale of capital assets | 35,965 | 170,000 | - | - |
| Transfers In | - | - | - | 71,141 |
| Transfers Out | (29,093) | - | - | - |
| Proceeds from Debt | 270,020 | - | - | - |
| Insurance Recovery | - | - | - | 60,000 |
| Total other financing sources (uses) | <u>276,892</u> | <u>170,000</u> | <u>-</u> | <u>131,141</u> |
| Net change in fund balances | <u>\$ (219,651)</u> | <u>\$ (220,237)</u> | <u>\$ (301,129)</u> | <u>\$ 112,477</u> |
| Debt service as a percentage of noncapital expenditures | 0.00% | 0.37% | 1.35% | 1.52% |

| Fiscal Year Ending June 30, | | | | | |
|-----------------------------|-------------------|-------------------|-------------------|------------------|--------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ 839,579 | \$ 835,000 | \$ 831,858 | \$ 822,903 | \$ 837,857 | \$ 826,304 |
| 33,815 | 33,064 | 26,956 | - | - | - |
| 461,624 | 456,610 | 510,625 | 545,111 | 545,974 | 553,524 |
| 509,808 | 80,158 | 71,387 | 62,208 | 52,597 | 84,589 |
| 3,870 | 4,645 | 5,310 | 2,205 | 3,490 | 4,560 |
| 1,299 | 919 | 913 | 672 | 2,333 | 8,204 |
| 80,891 | 76,378 | 108,998 | 213,786 | 131,669 | 140,126 |
| <u>1,930,886</u> | <u>1,486,774</u> | <u>1,556,047</u> | <u>1,646,885</u> | <u>1,573,920</u> | <u>1,617,307</u> |
| 806,837 | 368,222 | 322,995 | 394,091 | 349,613 | 348,923 |
| 661,593 | 664,731 | 642,926 | 601,442 | 670,165 | 662,024 |
| 379,527 | 241,809 | 89,626 | 192,492 | 182,547 | 149,262 |
| 211,679 | 20,253 | 27,304 | 17,784 | 63,559 | 41,207 |
| 31,697 | 32,188 | 39,581 | 14,632 | 42,861 | 83,296 |
| 70,602 | 80,813 | 187,919 | 225,582 | 204,167 | 286,438 |
| 47,532 | 52,940 | 61,826 | 38,011 | 35,009 | 62,116 |
| 15,384 | 21,114 | 25,584 | 9,561 | 20,628 | 34,656 |
| 7,103 | 7,376 | 6,765 | 302 | 1,766 | 6,149 |
| <u>2,231,954</u> | <u>1,489,446</u> | <u>1,404,526</u> | <u>1,493,897</u> | <u>1,570,315</u> | <u>1,674,071</u> |
| (301,068) | (2,672) | 151,521 | 152,988 | 3,605 | (56,764) |
| 209,560 | 143,720 | - | 5,253 | 16,693 | 8,600 |
| 74,695 | 19,400 | 200,000 | - | - | - |
| - | - | - | (30,742) | - | (34,611) |
| - | 28,158 | - | 86,221 | - | 24,491 |
| - | - | - | - | - | - |
| <u>284,255</u> | <u>191,278</u> | <u>200,000</u> | <u>60,732</u> | <u>16,693</u> | <u>(1,520)</u> |
| <u>\$ (16,813)</u> | <u>\$ 188,606</u> | <u>\$ 351,521</u> | <u>\$ 213,720</u> | <u>\$ 20,298</u> | <u>\$ (58,284)</u> |
| 1.01% | 1.91% | 2.30% | 0.66% | 1.43% | 2.44% |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Assessed Value of Taxable Property
Last Ten Fiscal Years
(in thousands)

| <u>Fiscal Year</u> | <u>Real Property</u> | <u>Personal Property</u> | <u>Public Service</u> | <u>Total</u> | <u>Tax Rate</u> | <u>Levy</u> |
|--------------------|----------------------|--------------------------|-----------------------|----------------|-----------------|-------------|
| 2009 | \$ 125,109,728 | \$ 10,707,813 | \$ 3,255,495 | \$ 139,073,036 | \$ 0.56 | \$ 778,809 |
| 2010 | 125,524,623 | 11,423,879 | 2,648,641 | 139,597,143 | 0.56 | 781,744 |
| 2011 | 119,153,359 | 11,752,012 | 1,913,691 | 132,819,062 | 0.56 | 743,787 |
| 2012 | 118,271,426 | 10,987,134 | 1,565,083 | 130,823,643 | 0.56 | 732,612 |
| 2013 | 120,276,354 | 13,489,563 | 1,627,876 | 135,393,793 | 0.58 | 785,284 |
| 2014 | 115,174,844 | 14,860,818 | 2,065,037 | 132,100,699 | 0.56 | 739,764 |
| 2015 | 117,224,040 | 16,494,865 | 2,060,000 | 135,778,905 | 0.57 | 773,940 |
| 2016 | 115,405,940 | 13,764,334 | 2,375,245 | 131,545,519 | 0.57 | 749,809 |
| 2017 | 108,769,516 | 14,159,852 | 2,595,804 | 125,525,172 | 0.57 | 715,493 |
| 2018 | 110,900,449 | 15,401,119 | 2,764,516 | 129,066,084 | 0.57 | 735,677 |

Note: Property in the Town of Pilot Mountain is assessed by the Surry County Tax Office. The most recent revaluation occurred in 2016. Tax exempt property is not assessed by Surry County for tax purposes. Tax rates are per \$100 of assessed value and are the weighted average of all the individual direct rates applied.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Property Tax Rates-Direct and All Overlapping Governments
Last Ten Fiscal years
Per \$100 of Assessed Valuation

| Name of Government | 2009 | 2010 | 2011 | 2012 |
|------------------------------------|----------|----------|----------|----------|
| County of Surry | \$ 0.582 | \$ 0.582 | \$ 0.582 | \$ 0.582 |
| Town of Pilot Mountain | 0.560 | 0.560 | 0.560 | 0.560 |
| Pilot Knob Fire District | - | - | - | - |
| Total Direct and Overlapping Rates | \$ 1.142 | \$ 1.142 | \$ 1.142 | \$ 1.142 |

Fiscal Year Ending June 30,

| <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ 0.582 | \$ 0.582 | \$ 0.582 | \$ 0.582 | \$ 0.582 | \$ 0.582 |
| 0.560 | 0.560 | 0.570 | 0.570 | 0.570 | 0.570 |
| - | - | - | 0.040 | 0.040 | 0.040 |
| <u>\$ 1.142</u> | <u>\$ 1.142</u> | <u>\$ 1.152</u> | <u>\$ 1.192</u> | <u>\$ 1.192</u> | <u>\$ 1.192</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Principal Property Taxpayer

Current Year and Nine Years Ago

| | 2018 | | | 2009 | | |
|----------------------------------|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Jimmy R Lynch & Sons | \$ 9,870,271 | 1 | 7.65% | \$ 3,965,248 | 1 | 2.85% |
| Glenwood Pilot Mountain Co LLC | 2,775,250 | 2 | 2.15% | 2,518,370 | 2 | 1.81% |
| Chilton Moir Edward | 2,222,370 | 3 | 1.72% | 2,477,230 | 3 | 1.78% |
| CVS Corporation | 2,022,070 | 4 | 1.57% | 1,649,737 | 8 | 1.19% |
| Needham Holdings LLC | 1,996,550 | 5 | 1.55% | 1,698,510 | 7 | 1.22% |
| Key Street of Pilot LLC | 1,960,560 | 6 | 1.52% | - | - | 0.00% |
| Barbee Harold Ted | 1,569,660 | 7 | 1.22% | 1,646,710 | 9 | 1.18% |
| Pinnacle Hill Limited Partners | 1,496,428 | 8 | 1.16% | 1,646,087 | 10 | 1.18% |
| RBC Bank | 1,394,650 | 9 | 1.08% | 1,536,356 | 13 | 1.10% |
| Pilot Development Properties LLC | 1,344,640 | 10 | 1.04% | - | - | 0.00% |
| Isabelle Court LLC | 1,318,220 | 11 | 1.02% | - | - | 0.00% |
| Savitamagan LLC | 1,172,220 | 12 | 0.91% | - | - | 0.00% |
| TMP of Pilot | 1,020,290 | 13 | 0.79% | - | - | 0.00% |
| Total | <u>\$ 30,163,179</u> | | <u>23.38%</u> | <u>\$ 17,138,248</u> | | <u>12.31%</u> |

Source: Municipal Tax Assessor

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Property Tax Levies and Collections

Last Ten Fiscal years

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year | Collected within the Fiscal | | Collections in Subsequent | Total Collections to Date | |
|---------------------------------|--|-----------------------------|-----------------------|---------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2009 | \$ 790,312 | \$ 767,032 | 97.05% | \$ 20,004 | \$ 787,036 | 99.59% |
| 2010 | 789,710 | 779,252 | 98.68% | 7,174 | 786,426 | 99.58% |
| 2011 | 793,090 | 771,239 | 97.24% | 4,982 | 776,221 | 97.87% |
| 2012 | 789,346 | 772,772 | 97.90% | 15,840 | 788,612 | 99.91% |
| 2013 | 828,178 | 816,038 | 98.53% | 26,441 | 842,479 | 101.73% |
| 2014 | 830,273 | 816,206 | 98.31% | 12,417 | 828,623 | 99.80% |
| 2015 | 836,316 | 825,175 | 98.67% | 9,199 | 834,374 | 99.77% |
| 2016 | 829,075 | 820,043 | 98.91% | 6,375 | 826,418 | 99.68% |
| 2017 | 821,551 | 814,204 | 99.11% | - | 814,204 | 99.11% |
| 2018 | 815,180 | 805,916 | 98.86% | 6,374 | 812,290 | 99.65% |

Source: Town Records

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Ratios of Outstanding Debt by Type
Debt Per Capita
Last Ten Fiscal Years

| Fiscal Year Ended June 30 | Governmental Activities | | | Ratio of General Bonded Debt (Net) to Assessed Value of Taxable Per Capita | | General Obligation Bonds |
|---------------------------------|-------------------------|--|--------------------------|---|-----------|--------------------------------|
| | Population (Est.) | Assessed Value of Taxable Property | Installment Purchases | | | |
| 2009 | 1,478 | \$ 139,073,036 | \$ 270,020 | 0.19% | \$ 182.69 | \$ 219,000 |
| 2010 | 1,477 | 139,597,143 | 270,020 | 0.19% | 182.82 | 210,000 |
| 2011 | 1,478 | 132,819,062 | 248,115 | 0.19% | 167.87 | 201,000 |
| 2012 | 1,489 | 130,823,643 | 240,594 | 0.18% | 161.58 | 192,000 |
| 2013 | 1,492 | 135,393,793 | 225,210 | 0.17% | 150.95 | 182,000 |
| 2014 | 1,506 | 132,100,699 | 209,362 | 0.16% | 139.02 | 172,000 |
| 2015 | 1,506 | 135,778,905 | 193,034 | 0.14% | 128.18 | 161,000 |
| 2016 | 1,501 | 131,545,519 | 279,255 | 0.21% | 186.05 | 150,000 |
| 2017 | 1,505 | 125,525,172 | 228,552 | 0.18% | 151.86 | 138,000 |
| 2018 | 1,506 | 129,066,140 | 218,417 | 0.17% | 145.03 | 125,000 |

Business-Type Activities

| <u>Installment Purchases</u> | <u>General Bonded Debt (Net) Per Capita</u> | <u>Total Primary Government</u> | <u>Percentage of Personal Income</u> | <u>Per Capita</u> |
|----------------------------------|---|-------------------------------------|--|-------------------|
| \$ 861,667 | \$ 731.17 | \$ 1,350,687 | 4.50% | \$ 913.86 |
| 777,711 | 668.73 | 1,257,731 | 4.14% | 851.54 |
| 693,875 | 605.46 | 1,142,990 | 3.65% | 773.34 |
| 609,979 | 538.60 | 1,042,573 | 3.37% | 700.18 |
| 526,083 | 474.59 | 933,293 | 3.11% | 625.53 |
| 442,187 | 407.83 | 823,549 | 2.66% | 546.85 |
| 358,290 | 344.81 | 712,324 | 2.26% | 472.99 |
| 370,479 | 346.75 | 799,734 | 2.55% | 532.80 |
| 665,168 | 533.67 | 1,031,720 | 3.08% | 685.53 |
| 571,095 | 462.21 | 914,512 | 2.73% | 607.25 |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Ratio of Annual Debt Service Expenditures For
General Bonded Debt to General Government Expenditures
Last Ten Fiscal Years
(dollars in thousands)

| <u>Fiscal Year</u> <u>Ended June</u> <u>30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt</u> <u>Service</u> <u>Expenditures</u> | <u>Total General</u> <u>Government</u> <u>Expenditures</u> | <u>Percentage</u> <u>of Debt</u> <u>Service to</u> <u>Total General</u> <u>Government</u> <u>Expenditures</u> |
|--|------------------|-----------------|--|--|--|
| 2009 | \$ 8,000 | \$ 11,350 | \$ 19,350 | \$ 1,495,583 | 1.29% |
| 2010 | 9,000 | 10,950 | 19,950 | 1,607,070 | 1.24% |
| 2011 | 9,000 | 10,500 | 19,500 | 1,739,834 | 1.12% |
| 2012 | 9,000 | 10,050 | 19,050 | 1,499,763 | 1.27% |
| 2013 | 10,000 | 9,600 | 19,600 | 2,089,719 | 0.94% |
| 2014 | 10,000 | 9,100 | 19,100 | 1,488,723 | 1.28% |
| 2015 | 11,000 | 8,600 | 19,600 | 1,373,688 | 1.43% |
| 2016 | 11,000 | 8,050 | 19,050 | 1,460,054 | 1.30% |
| 2017 | 12,000 | 7,500 | 19,500 | 1,526,745 | 1.28% |
| 2018 | 13,000 | 6,250 | 19,250 | 1,674,071 | 1.15% |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Computation of Direct and Underlying Debt
General Obligation Bonds
June 30, 2018

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable ^a</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|-------------------------|---|--|
| Direct | | | |
| Town of Pilot Mountain | | | |
| Installment Debt | \$ 964,949 | 100.000% | \$ 964,949 |
| Underlying | | | |
| Surry County | | | |
| General Obligation Bods | 660,000 | 10.386% | <u>68,548</u> |
| Total direct and overlapping debt | | | <u><u>\$ 1,033,497</u></u> |

Sources: Town of Pilot Mountain and County of Surry, North Carolina CAFR, Year Ended June 30, 2018

a - Percent applicable to the Town of Pilot Mountain calculated using assessed valuation of Town divided by assessed valuation of the County.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Legal Debt Margin Information
Last Ten Fiscal Years

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|---------------------|---------------------|---------------------|---------------------|
| Assessed Value of Property | \$ 139,073,036 | \$ 139,597,143 | \$ 132,819,062 | \$ 130,823,643 |
| Debt limit, 8% of assessed value | <u>11,125,843</u> | <u>11,167,771</u> | <u>10,625,525</u> | <u>10,465,891</u> |
| Total net debt applicable to limit | 1,350,687 | 1,257,731 | 1,142,990 | 1,042,573 |
| Legal debt margin available | <u>\$ 9,775,156</u> | <u>\$ 9,910,041</u> | <u>\$ 9,482,535</u> | <u>\$ 9,423,319</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 12.14% | 11.26% | 10.76% | 9.96% |

Source: Town of Pilot Mountain

Note: NC General Statute 159-55 limits the Town's outstanding debt to 8% of the appraised value of property subject to taxation.

| Fiscal Year Ending June 30, | | | | | |
|-----------------------------|---------------------|----------------------|---------------------|---------------------|---------------------|
| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| \$ 135,393,793 | \$ 132,100,699 | \$ 135,778,905 | \$ 131,545,519 | \$ 125,525,172 | \$ 129,066,140 |
| <u>10,831,503</u> | <u>10,568,056</u> | <u>10,862,312</u> | <u>10,523,642</u> | <u>10,042,014</u> | <u>10,325,291</u> |
| 933,293 | 823,549 | 712,324 | 799,734 | 1,031,720 | 914,512 |
| <u>\$ 9,898,210</u> | <u>\$ 9,744,507</u> | <u>\$ 10,149,988</u> | <u>\$ 9,723,907</u> | <u>\$ 9,010,293</u> | <u>\$ 9,410,779</u> |
| 8.62% | 7.79% | 6.56% | 7.60% | 10.27% | 8.86% |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Demographic and Economic Statistics
Last Ten Fiscal Years

| Year | Population ^a | Per Capita Personal Income ^c | Unemployment Rate ^d | Median Age | Public School Enrollment |
|------|-------------------------|--|-----------------------------------|------------|-----------------------------|
| 2009 | 1,478 | \$ 20,315 | 12.70% | 39.8 | 372 |
| 2010 | 1,477 | 20,552 | 11.90% | 39.8 | 374 |
| 2011 | 1,478 | 21,196 | 11.10% | 39.8 | 380 |
| 2012 | 1,489 | 20,793 | 10.00% | 39.7 | 376 |
| 2013 | 1,492 | 20,118 | 8.90% | 39.9 | 377 |
| 2014 | 1,506 | 20,570 | 6.30% | 39.8 | 382 |
| 2015 | 1,506 | 20,910 | 5.90% | 39.8 | 385 |
| 2016 | 1,501 | 20,910 | 4.90% | 39.8 | 386 |
| 2017 | 1,505 | 22,238 | 4.30% | 38.5 | 390 |
| 2018 | 1,506 | 22,238 | 3.90% | 38.5 | 395 |

Source:

^a Population information provided by US Census Bureau American Fact Finder

^c Per capita personal income data from the US Census Bureau American Community Survey

^d Unemployment data provided by the Federal Reserve Bank of St. Louis, as of June of each year.

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Principal Employers

Current Year and Nine Years Ago

| Employer | 2018 | | | 2009 | | |
|-----------------------------------|--------------|------|--|--------------|------|--|
| | Employees | Rank | Percentage of Total Municipal Employment | Employees | Rank | Percentage of Principal Municipal Employment |
| Surry County Schools | 1,320 | 1 | 4.55% | 1,239 | 1 | 3.45% |
| Wayne Poultry Company | 1,000 | 2 | 3.44% | 866 | 2 | 2.41% |
| Northern Hospital of Surry County | 850 | 3 | 2.93% | 745 | 4 | 2.07% |
| Hugh Chatham Memorial Hospital | 700 | 4 | 2.41% | 407 | 8 | 1.13% |
| County of Surry | 500 | 5 | 1.72% | 859 | 3 | 2.39% |
| Surry Community College | 500 | 6 | 1.72% | 418 | 6 | 1.16% |
| Wal-Mart | 400 | 7 | 1.38% | 410 | 7 | 1.14% |
| Vitro/PGW | 360 | 8 | 1.24% | - | - | 0.00% |
| Hanes Brands, Inc | 250 | 9 | 0.86% | 427 | 5 | 1.19% |
| Floyd Pike Electrical Contractors | 250 | 10 | 0.86% | 342 | 10 | 0.95% |
| Renfro Corporation | 200 | 11 | 0.69% | 351 | 9 | 0.98% |
| | <u>6,330</u> | | <u>21.81%</u> | <u>6,064</u> | | <u>16.87%</u> |

Source: Surry County Economic Development Partnership. Numbers are for Surry County and not Pilot Mountain specifically. Data is not available below the County level

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Full-time Equivalent Town Government Employees by Function/Program
Last Ten Fiscal Years

| <u>Function/Program</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---------------------------------|-------------|-------------|-------------|-------------|
| Administration | | | | |
| Manager | 1.0 | 1.0 | 1.0 | 1.0 |
| Finance Officer | 1.0 | 1.0 | 1.0 | 1.0 |
| Town Clerk | 1.0 | 1.0 | 1.0 | 1.0 |
| Customer Service Representative | 2.0 | 2.0 | 2.0 | 2.0 |
| Downtown Development | | | | |
| Main Street Coordinator | - | - | - | - |
| Police | | | | |
| Chief | 1.0 | 1.0 | 1.0 | 1.0 |
| Captain | 1.0 | 1.0 | 1.0 | 1.0 |
| Lieutenant | 1.0 | 1.0 | 1.0 | 1.0 |
| Sergeant | 2.0 | 2.0 | 2.0 | 2.0 |
| Officer | 4.0 | 4.0 | 4.0 | 4.0 |
| Dispatch | 1.0 | 1.0 | 1.0 | 1.0 |
| Public Works | | | | |
| Director | 1.0 | 1.0 | 1.0 | 1.0 |
| Supervisor | 1.0 | 1.0 | 1.0 | 1.0 |
| Maintenance Worker | 3.0 | 3.0 | 3.0 | 3.0 |
| Water Treatment Plant | | | | |
| ORC | 1.0 | 1.0 | 1.0 | 1.0 |
| Plant Maintenance Tech | 1.0 | 1.0 | 1.0 | 1.0 |
| Wastewater Treatment Plant | | | | |
| Plant Operator | 0.5 | 0.5 | 0.5 | 0.5 |
| Total | <u>22.5</u> | <u>22.5</u> | <u>22.5</u> | <u>22.5</u> |

Source: District Personnel Records

Fiscal Year Ending June 30,

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| - | - | - | - | - | - |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| 2.0 | 2.0 | 2.0 | 2.0 | 1.0 | 1.0 |
| - | - | - | - | - | 0.5 |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| 1.0 | 1.0 | 1.0 | 1.0 | - | - |
| 2.0 | 2.0 | 2.0 | 2.0 | 2.0 | 2.0 |
| 4.0 | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| - | - | - | - | - | - |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| 3.0 | 3.0 | 3.0 | 3.0 | 2.0 | 2.0 |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| 0.5 | 0.5 | 0.5 | 0.5 | - | - |
| <u>21.5</u> | <u>21.5</u> | <u>21.5</u> | <u>21.5</u> | <u>18.0</u> | <u>18.5</u> |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Operating Indicators by Function

Last Ten Fiscal Years

| Function/Program | 2009 | 2010 | 2011 | 2012 |
|-----------------------------|---------|---------|---------|---------|
| Administration | | | | |
| Zoning Permits | 25 | 20 | 22 | 24 |
| Tax Rate | \$ 0.56 | \$ 0.56 | \$ 0.56 | \$ 0.56 |
| Police | | | | |
| Criminal Activities | 5,276 | 5,551 | 5,039 | 4,008 |
| Total Activities | 42,221 | 48,216 | 51,652 | 53,882 |
| Patrol Miles Driven | 78,000 | 76,758 | 72,458 | 78,526 |
| Public Works | | | | |
| Street Signs Installed | 10 | 7 | 5 | 2 |
| Meters Read | 11,900 | 11,950 | 12,000 | 12,010 |
| New Water/Sewer Taps | 4 | 6 | 5 | 3 |
| Water Treatment | | | | |
| Gallons Treated | 77.625 | 71.125 | 88.250 | 98.625 |
| Permit Violations | - | - | - | - |
| Wastewater Treatment | | | | |
| Gallons Treated | 62.1 | 56.9 | 70.6 | 78.9 |
| Permit Violations | 4 | - | 5 | - |
| Finance | | | | |
| Vendor Checks Written | 7,450 | 7,311 | 7,415 | 7,251 |
| Payroll Checks Processed | 598 | 585 | 585 | 585 |
| Taxes Collected | 97.05% | 98.68% | 97.24% | 97.90% |
| Downtown Development | | | | |
| Façade Grants Issued | - | - | - | - |
| Events | 7 | 7 | 7 | 7 |

Fiscal Year Ending June 30,

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------|---------|---------|---------|---------|---------|
| 23 | 26 | 28 | 50 | 41 | 44 |
| \$ 0.58 | \$ 0.56 | \$ 0.57 | \$ 0.57 | \$ 0.57 | \$ 0.57 |
| 5,517 | 3,490 | 3,986 | 5,048 | 4,321 | 622 |
| 57,024 | 77,249 | 71,779 | 75,588 | 50,245 | 11,197 |
| 78,236 | 77,562 | 75,123 | 69,718 | 77,458 | 71,258 |
| - | 7 | 6 | 3 | 3 | 30 |
| 12,010 | 12,010 | 12,010 | 12,096 | 12,096 | 12,096 |
| 2 | 5 | 3 | 5 | 7 | 19 |
| 88.375 | 48.875 | 24.375 | 49.250 | 64.750 | 55.875 |
| - | - | - | - | 1 | 1 |
| 70.7 | 39.1 | 19.5 | 39.4 | 51.8 | 44.7 |
| 2 | 1 | - | 3 | - | 1 |
| 7,566 | 7,395 | 7,430 | 5,641 | 7,580 | 9,213 |
| 559 | 559 | 559 | 559 | 468 | 481 |
| 98.53% | 98.31% | 98.67% | 98.91% | 99.11% | 99.17% |
| - | - | - | - | - | 2 |
| 7 | 7 | 7 | 8 | 8 | 10 |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA
Capital Asset Statistics by Function
Last Ten Fiscal Years

| Function/Program | 2009 | 2010 | 2011 | 2012 |
|-----------------------------|-----------|-----------|-----------|-----------|
| Police | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Patrol Units | 8 | 8 | 8 | 7 |
| Public Works | | | | |
| Streets (miles) | 19 | 19 | 19 | 19 |
| Traffic Signals | - | - | - | - |
| Water | | | | |
| Transmission lines (miles) | 18 | 18 | 18 | 18 |
| Fire Hydrants | 193 | 193 | 193 | 193 |
| Storage Capacity | 1,800,000 | 1,800,000 | 1,800,000 | 1,800,000 |
| Wastewater Treatment | | | | |
| Collection Lines | 18 | 18 | 18 | 18 |
| Pump Stations | 19 | 19 | 19 | 19 |
| Treatment Plants | 1 | 1 | 1 | 1 |

Fiscal Year Ending June 30,

2013

2014

2015

2016

2017

2018

1

1

1

1

1

1

7

7

7

6

6

7

19

19

19

19

19

19

-

-

-

-

-

-

18

18

18

18

18

18

193

193

193

193

193

193

1,800,000

1,700,000

1,700,000

1,700,000

1,700,000

1,700,000

18

18

18

18

18

18

19

19

19

19

19

19

1

1

1

1

1

1